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# ***JPRS Report***

## **Near East & South Asia**

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# Near East & South Asia

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## MOROCCO

### Criticism of Pro-Government Editorial on Finance Law

*Rabat AL-'ALAM in Arabic 10 Jan 88 pp 1, 9*

[Article by Ahmad Ghallab: "Apropos Foreigners' Intervention in a Discussion of the Finance Law: Effects of Raising Taxes and Duty Levied on Imports on Food Prices and Cost of Principal Services"]

[Text] Mr Marcel Herzog, editor-in-chief of the newspaper AL-HAYAH AL-IQTISADIIYAH, [Cultural Life] published an editorial in the Friday issue of the newspaper which came out on 1 January 1988. The article was carried by LE MATIN AL-SAHARA' on Thursday, 7 January under the title, "The Battle over the Finance Law." In this editorial Mr Herzog claims to analyze the new policy which is being pursued by the Ministry of Finance. These are the observations which one may derive from this article. Citing the headline in the 29 December issue of L'OPINION, Mr Herzog's article attacks the position of al-Istiqlal Party and claims that the law's opponents proceeded to attack it without reading it carefully. That is why, [he argues], they must study the law again and again instead of stirring up a useless discussion and defending those who enjoy advantages and privileges.

The author of the article claims that this is the first time since liberation that a finance law which reduces taxes is enacted. He claims that revision of investment laws has to do with new investments and would not affect old investments at all. That is why, contrary to the opposition's claims, the state "is not turning away from the people's gains." The state rather honors its obligations.

The author of the article explains that investment laws will benefit investors by exempting them from paying taxes on profits for 5 years. For the next 5 years after that taxes on profits will be reduced 50 percent. And yet none of those opposing the law has dealt with these privileges.

The author of the article wonders, "Where is the scandal?" Then he answers by saying that AL-HAYAH AL-IQTISADIIYAH would make that evident. Although the state has offered much, it has not received anything to date. Revenues from taxes have been shrinking, and that explains why the government is unable to meet its obligations or start up new projects.

The author of the article claims that the finance minister we have now is a man of great courage and broadmindedness. That will enable him to deal with the crisis and, in spite of his opposition, carry out a plan which is based on a flexible tax collection policy.

The author of the article says that allegations of a scandal are being made by some who are forgetting that the finance law conferred several privileges, including especially [the following]:

1. Annual income which is subject to taxation was raised from 6,000 to 8,400 dirhams. That will cost the state 400 million dirhams in revenues and will result in 250,000 persons paying no taxes at all.

2. Taxes payable by corporations were reduced from 45 to 40 percent. Corporations will thus be able to make additional investments and create new jobs.

3. Several decrees pertaining to registration and stamp fees [were proclaimed].

The author of the article claims there are in fact few technical amendments pertaining to the value added tax, but these amendments do not at all affect the prices of common or even other products.

The author of the article says that the new finance law will pull the country out of a vicious cycle of tax increases and set up a policy that is more equitable. That will enable the largest number of people to contribute to the budget. The author of the article wonders about the democratic rationale some people are trying to employ to continue enjoying those privileges for life.

The author of the article concludes his analysis by declaring that various objections to the 1988 budget were quite flimsy and weak. These objections were made at a time when a realistic policy was looming on the horizon for the first time.

These are the comments we can make about the article:

1. It turns out that this article was a behind the scenes attempt made by Mr Herzog to promote the interests of the Ministry of Finance and defend its policy.

2. Does Mr Marcel Herzog have the right to interfere in the country's domestic affairs? Does he have the right to analyze the state's budget and criticize the people's representatives who objected to the budget and gave advice in that regard?

3. From a technical standpoint Mr Herzog's analysis is quite flimsy and weak. He relies on false information which he uses to arrive at developments in the manner of setting in motion the various economic means. Is it reasonable to expect the five percent reduction in taxes on corporations to be beneficial? What can be done with five percent in profits to create new jobs? Will this five percent push the wheel of the economy when we know that 40 percent of these taxes are paid by banks?

4. The article is full of mistakes. The increase in the value added tax will affect the people's food, and that includes coffee, tea, soap, cooking oil, baby formula, transportation, pharmaceuticals, bicycles, feed for poultry, fees paid on water and power meters, canned sardines, etc. Revenues collected on these products from customs fees, import fees and the value added tax will rise sharply. It is estimated that the duty paid for coffee,

for example, was approximately 40.07 percent of its import value, but as a result of the increase in the value added tax and the creation of an import fee, the duty paid on coffee will amount to 60.65 percent of its import value. That is a 20 percent increase for imported coffee. But after conversion and sale of the coffee, consumers will pay 19 rather than 7 percent of the conversion value. That is an increase of 12 percent, and that means that the price of coffee will rise by at least 25 percent. Another example affects the transportation sector where the value added tax is now 14 percent. The cost of train transportation between Casablanca and al-Rabat rose by one dirham. Public transportation rose by 0.10 dirhams in the various cities, and there are other examples.

These examples can be applied across the board to all articles affected by changes in the value added tax.

The author of the article forgot the effect that changes in customs fees have had on the cost of primary materials. These changes created a new tax called a duty levied on imports, replacing the special tax and stamp fees.

In another article appearing on page five of the newspaper opposite the editorial Mr Herzog contradicts the facts when he claimed that the new amendment which concerns import fees does not change the old situation at all. But we can compare the old situation with the table he printed as follows:

Percentage of Customs Fees	Total Fees under Old Law	Total Fees under New Law	Percentage of Increase
2.50	30.72	36.85	6.13+
5.00	34.00	39.83	5.83+
7.50	37.26	42.80	5.54+
10.00	40.53	45.78	5.25+
15.00	47.08	51.73	4.65+
20.00	53.63	57.68	4.05+
25.00	60.17	63.63	3.46+
30.00	66.72	69.58	2.86+
35.00	73.26	75.53	2.27+
40.00	79.81	81.48	1.67+
45.00	86.35	87.43	1.08+

This table, which compares the situation under the old law with that under the new one, makes it evident that there is in fact an increase in total customs fees, which will start at 6.13 percent and will gradually be reduced to 1.08 percent. What is even more significant is the fact that this increase will basically affect primary materials and vital materials, especially foods, more than it will affect luxury goods whose customs fees are considerable. We may well wonder whether this financial law serves the interests of the popular gains won by the people in recent years when the so-called special import tax was reduced. That tax was reduced from 15 to 5 percent in accordance with advice from the IBRD and the IMF.

The author of the article defends suggestions comprised in the law regarding a review of investment laws, even though the government itself had decided against making such changes and had convened parliament on 12 January 1988. In this regard reference must be made to the fact that government has lost its credibility. It has been trying to enact investment laws in various fields, and it has been conducting field studies which go on for years. These studies involve various people in responsible positions in government—the Ministry of Industry and Trade, the Ministry of Housing, the Ministry of Agriculture, or the Ministry of Fisheries—as well as all the chiefs of competent governmental agencies. The purpose of this is to create a climate to attract native and foreign private sector investments into a sector whose improvement is being sought by the government. The state would then directly or indirectly proclaim these laws in an effort to attract capital and experienced people for investment purposes. Afterwards, acting in the context of the finance law which is being drafted by experts in the Ministry of Finance, the state would propose amending those laws without letting specialists express their opinions on the matter. Where then is the government's credibility? Laws which encourage investments must be long-lived rather than short-lived; they must not be changed according to the policy of every new minister who contradicts his predecessor's policy.

It is a realistic policy that is coupled with courage which strives to create a climate for investing, exporting, and employment by means of a general reduction in various taxes that will allow production and exports to grow. The state can then earn more revenues, and the budget can then be somewhat balanced.

A realistic policy is one that simplifies the different rules which drive the economy to encourage private nationals and foreigners to invest their funds in Morocco instead of investing them in other countries whose capabilities are less than ours.

A realistic policy coupled with courage consists of initiating a dialogue with the various sectors within or outside government for the purpose of setting up a strategy whose goal is to develop the country. We ought to learn from foreign countries which achieved steady growth in their economies, like Turkey. We ought to learn from countries whose exports have been growing significantly. Taiwan, for example, despite its meager natural resources, exports in one month as much as Morocco exports in one year.

A realistic policy and courage are not limited to a tax levying policy that lasts for 1 year and may fail. A realistic policy that is coupled with courage rather manifests itself in a public policy that encourages the means of production and allows the state to collect its share.

We suggest that Mr Herzog read and re-read the text of the finance law in the hope that he might discover its secrets and uncover its mistakes. We suggest that he not

give himself the right, since he is a foreigner, to interfere in matters which are being discussed by the people's representatives.

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## TUNISIA

### **Ben Ali Holds Meeting To Discuss Economic Rehabilitation**

45190017a Tunis LE TEMPS in French 8 Jan 88 p 1, 2

[Text] President Zine El Abidine Ben Ali presided over a meeting at the Carthage Palace yesterday morning that included Prime Minister Hedi Baccouche and several members of the government.

The meeting was devoted to an examination of means to consolidate and continue the economic recovery the country has enjoyed since 7 November.

The following measures were taken for that purpose:

#### 1) Improving the Economic Environment

a) strengthening the building sector by increasing the amount of aid granted by corporate funds from enterprises from 5,000 to 10,000 dinars; b) eliminating the production tax levied on pickup truck and taxi owners, the purpose being to encourage agriculture and shared transportation; c) eliminating fines levied for economic crimes by the administration which do not exceed 5,000 dinars; d) instituting symbolic transactions for fines not exceeding 5,000 dinars and the subject of legal proceedings; e) granting conditions to repay fines exceeding 5,000 dinars or resulting in seizures; f) ensuring the liquidation of the government's unpaid bills as soon as possible so as to enable enterprises to protect their financial equilibrium; g) accelerating the establishment of a suitable system to finance exchange losses registered by economic enterprises and that prevent the latter from expanding and promoting their activities; and h) revising legislative texts and procedures relating to the conclusion of public contracts in order to provide greater efficiency and flexibility in enterprise activities.

#### 2) Support for Investments

a) financing of the operating fund through medium-term instead of short-term credits; b) identification of productive projects by banks by cutting back on 50 percent of the spending engendered by this operation involving taxable income; c) more flexibility for FONAPRAM [FONPAM - National Handicrafts and Small Trades Promotion Fund] intervention; and d) special tax and financial advantages for projects using advanced technology.

#### 3) Support for Exports

In addition to the measures already taken for the purpose, measures that made it possible to achieve positive results by the end of 1987, it was decided:

a) to extend insurance on exports to include storage and equipment found abroad; b) to speed up the establishment of a suitable system for medium-term financing of exports, especially for machinery and equipment; and c) to accelerate the drafting of legislative texts and their application in order to encourage international trade and revive services designed for export.

The president reaffirmed his concern for ensuring the application of these measures, which will be on the agenda of future meetings to guarantee followup.

11464/12913

### **Ben Ali Proposes Measures To Reduce Youth Unemployment**

45190017c Tunis LE TEMPS in French 7 Jan 88 p 1-2

[Excerpt] President Ben Ali also presided over a meeting yesterday morning attended by Hedi Baccouche and several members of the government.

The meeting was devoted to an examination of the employment question, particularly regarding young people.

A series of practical measures aimed at the different classifications of unemployed young people was drawn up.

For those holding university degrees, the following measures were taken:

1) the hiring of unemployed doctors from the 1986 graduating class and preceding classes. For those graduating in 1987 or thereafter, the president recommended that they be placed in professional training programs for a 1-year period, provided they be given priority in hiring planned for the coming year;

2) the establishment of criteria governing agreements between practitioners, on the one hand, and private and semi-private clinical and economic enterprises, on the other;

3) organization of the employment of pharmacist assistants by promoting their hiring by dispensaries whose turnover exceeds a specific sum, to be set at the proper time;

4) the expansion of training possibilities for young pharmacists so as to include, along with on-the-job training in private pharmacies, other sectors, mainly food industries and control and analytical laboratories;

5) an effort to take in unemployed engineers as part of the improvement in the staffing rate of economic enterprises, municipalities and public offices and by encouraging those involved to work independently.

The president also recommended that engineers be allowed to complete training programs in development banks and investment promotion offices so as to train them to undertake productive projects on their own by taking advantage of incentives granted by the government for the purpose.

6) development of a complementary training program for certain engineers entrusted with the maintenance of equipment and facilities in economic enterprises and public offices, as well as in the field of labor safety, this with the aid of certain friendly countries;

7) the use of certain other categories of university graduates, either to replace persons who voluntarily take early retirement, or to fill needs in certain public departments. This concerns those with higher degrees in psychology, sociology, law or economics.

Within this context, the president recommended that priority be given to the hiring of those graduating in 1986 or before, while providing others with professional training programs and granting them priority in hiring in their turn after completion of such programs.

For those with teaching credentials but not yet hired, the following measures were taken:

1) providing professional training programs for some 5,000 of such graduates and making the necessary credits available for the purpose;

2) revising the system of training-employment contracts now in force so as to lighten administrative procedures and make conditions of eligibility for the system more flexible; and

3) continuing the examination of means likely to make FONPAM [National Handicrafts and Small trades Promotion Fund] intervention more efficient and stimulate more incentives for the launching of smaller projects.

Regarding other categories, the president recommended the implementation of national programs supporting employment within the context of useful projects mainly dealing with soil and water conservation and optimum use of production capacities in the agricultural sector. In this connection, it was decided to set up a national committee including representatives from the ministries involved to ensure the execution and followup of such programs. Examination of the problem of employment and other issues will be continued at subsequent meetings.

11464/12913

### 1987 Foreign Trade Statistics Published

45190021b Tunis LE TEMPS in French 27 Dec 87 p 3

[Text] At the end of the first 11 months of this year, Tunisian foreign trade balance reflected an import total of 2,140.6 million dinars (MD) and an export total of about 1,585 MD, resulting in a deficit of 555.6 MD and a coverage rate of 74 percent. This is what the most recent statistics published by the National Statistics Institute (INS) reveal.

These results, in a comparison with those for the same period in 1986, show rapid development (+27.4 percent) in exports, making it possible to offset about 33 percent of the trade deficit and to improve the rate of coverage of imports by exports from 60 percent in 1986 to 74 percent in 1987, as the table below shows.

The results also show the rapid development in imports, for which the rate slowed from +4.7% in October 1987 to +3.3%.

#### Values in MD

	1st 11 Months of 1986	1st 11 Months of 1987	Development in%
Imports	2,071.7	2,140.6	+3.3
Exports	1,243.9	1,585.0	+27.4
Deficit	827.8	555.6	-32.9%
Coverage rate	60%	74%	+23.3%

However, what should be noted is the slower development of exports in the month of November 1987 as compared to the rate of increase in the preceding months, since this rate, which exceeded 30 percent up until October 1987, dropped to 27.4 percent during the month of November in the same year.

The INS departments which follow trade movements ascribe this slight decline to the reduction in the value of exports as compared to the same month in 1986. In fact, Tunisian sales of goods and services abroad came to a total of 138.2 MD, as compared to 157 MD in November of 1986, and 161 MD in October of 1987.

The reduction affected the raw materials and semiprocessed products groups, exports of which dropped from 44.4 MD in October 1987 to 30.5 MD the following month. The level in November 1986 was 49.6 MD. Phosphate products can be seen to be the cause of the decline.

Values in MD

	November 1986	November 1987	Variation in MD and 1,000 Tons	In%
Phosphoric acid Q	49.4 mt	26.4 mt	-23 mt	-47%
(In solution) V	6.3 MD	3.0 MD	-3.3 MD	-52%
54%				
Superphosphate /Q	37.0 mt	29.6 mt	-7.4 mt	-20%
V	4.1 MD	3.5 MD	-0.6 MD	-15%
D.A.P./Q	70.9 mt	12.2 mt	-58.7 mt	-83%
V	10.8 MD	2.0 MD	-8.8 MD	-81%

Source—INS

Main Variations for Other Groups

Food Product Values in MD

	1st 11 Months of 1986	1st 11 Months of 1987	Variation in %
Imports	234.1	200.1	-14.5%
Exports	150.7	193.3	+28.3%
Balance	-83.4	-6.8	-91.8%

The table above shows that following the 28.3 percent increase in exports and the 14.5 percent decline in imports, the deficit in the trade balance for food products was reduced from the earlier 83.4 MD to only 6.8 MD in the course of last November.

Moreover, the decline in imports, it was noted at the INS, affected beef cattle (-62.8 percent in quantity and -61.5 percent in value), dairy products (-33.6 percent in quantity and -45.2 percent in value), coffee (-23.2 percent in quantity and -25 percent in value), tea (-22.7 percent in quantity and -21 percent in value), soft wheat (-32.2 percent in quantity and -44.6 percent in value) and sugar (-9.1 percent in quantity and -1.6 percent in value).

However, increases were seen both in quantity and in value where other products were concerned. These products included:

Yeasts (+16.7 percent in quantity and +23.9 percent in value), hard wheat (+58.9 percent in quantity and 71.8 percent in value), and meat (+3.9 percent in quantity and +23.4 percent in value).

With regard to exports of food products, a substantial increase was seen for fishing products (+24% in quantity and 42.6 percent in value), citrus fruits (+15.9 percent in quantity and +52.1 percent in value), dates (+9.9 percent in quantity and +20.2 percent in value) and olive oil (+27.4 percent in quantity and 20.8 percent in value).

Equipment Goods Values in MD

	1st 11 Months of 1986	1st 11 Months of 1987	Variation in %
Imports	455.3	342	-25%
Exports	43.4	46.6	+7.4%
Balance	-411.9	-295.4	-28.3%

While the decline in imports of equipment goods remained steady from one month to another at a rate of 25 percent, exports, on the contrary, saw a certain recovery, since the rate of increase developed from 2.6 percent for the first 9 months of this year to +5.4 percent at the end of the 10th month of this year.

Consumer Goods Values in MD

	1st 11 Months of 1986	1st 11 Months of 1987	Variation in %
Imports	445.9	531.3	+19.2%
Exports	403.8	532.8	+31.9%
Balance	-42.1	+1.5	

The fact to be retained from this table is that from one year to the next, the trade balance deficit for consumer goods developed into a surplus balance because the increase in exports (+31.9 percent) was more rapid than that in imports (+19.2 percent).

This surplus was achieved thanks to the excellent development of the textile sector and the leather and footwear industries.

Energy Values in MD

	1st 11 Months of 1986	1st 11 Months of 1987	Variation in %
Imports	174.3	243.2	+39.5%
Exports	297.4	394.9	+32.8%
Balance	123.1	151.7	+23.2%

According to the table above, the increase in imports had to do with natural gas from Algeria, and to a lesser extent, the crude oil imported in exchange for Tunisian oil products.

The increase in exports was due in particular to the revaluation of the price of crude oil as compared to the preceding year, since the price per ton increased from 75.3 dinars to 106.5 dinars.



The quantities exported in the first 11 months of 1987 came to 3,371,000 tons, as compared to 3,663,600 tons for the comparable period in 1986.

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### Seventh Five-Year Development Plan Detailed

#### Program of Plan

45190013 Tunis *CONJONCTURE* in French  
Aug/Sep 87 pp 11-13

[Article by K. Krimi: "Seventh Plan (1987-1991) Approved: A Three-Pronged Development Program." This article is a synthesis of the 7th Plan, prior to its complete presentation]

[Text] The Seventh Economic and Social Development Plan, which will extend from 1987 to 1991, was passed by the Chamber of Deputies. Despite an unfavorable economic environment and a foreseeable drop in the oil revenues of the country, this plan will have to confront three challenges, namely:

Creating jobs;

protecting the equilibrium of the balance of payments; and

sharing the wealth of the country more equitably among the regions.

Create jobs:

With regard to this first challenge, it is important to stress that the job problem will neither be solved during these coming 5 years, nor later. According to the figures, there will be a demand for 346,000 additional jobs during the Seventh Plan, to which should be added the 260,000 people currently unemployed. As it stands, the resources of the country only allows the creation of 240,000 jobs over the course of the Plan

In order to face this complex situation, the government, determined to stop counting on the "outlet" provided by emigration to relieve tensions on the labor market, will have recourse to complementary, timely and cyclical job programs, such as the programs for water and soil conservation (CES), maintenance of the basic infrastructure, and improvement of the sanitation of towns.

In the long term, the only acceptable approach will be to increase the share of productive investments, such as integrated rural development, which use large numbers of workers, and to "pare down" capital productive investments.

Reduce the deficit of the balance of payments:

The second challenge deals with the protection of the equilibrium of the balance of payments. The government gives this issue the highest priority with a view to safeguarding "the invulnerability of the country, its independence and its ability to honor its commitments and reimburse its debts."

This issue is important to the extent that, for reasons forced upon Tunisia (collapse of petroleum prices, depreciation of exchange rates and international financial deregulations), the indebtedness of the country has grown substantially during these few past years. As an indication, recourse to borrowing, combined to the effects of the adjustment of the exchange rate, would bring the foreign debt to 5,000 MD, or 60 percent of the GNP, at the end of 1987. As for the debt service, it would amount to 770 MD, as compared to 615 MD in 1986, representing 27.9 percent of the current total revenues.

In 1981 these ratios were respectively 37.9 percent and 16.7 percent.

Based on these data, Tunisia is determined to reduce gradually, from 8 percent of the GDP in 1986 to only 3 percent in 1991, the current deficit rate of the balance of payments.

The strategy selected in order to achieve this rate depends on the implementation of ambitious objectives involving trade and services.

With regard to trade, it is imperative to expand the export of local products and to reduce the volume of imports through the rationalization of domestic demand with its two sectors, investment and consumption.

From the standpoint of services, it is essential that companies adapt themselves rapidly to the demands of the foreign markets and, by improving the quality of their production, diversifying it and containing its cost, meet the needs of those markets.

Despite the scheduled reduction of the balance of payments deficit, the needs of Tunisia for foreign credits will increase substantially to reach 6,000 million dinars, as compared to 4,000 million dinars for the 5-year period of the previous Five-Year Plan.

#### Develop Western and Southern Regions

The third challenge concerns expanding regional and rural development. It involves reaching a better balance between the capital and the rest of the country, the coast and the interior, and, finally, between urban and rural conditions. This goal is dictated by a demographic pressure known as the "congregation scenario." This scenario, formulated as part of the national development plan, shows the likelihood of a final upset of the equilibrium in the year 2001, the coastal population accounting

by then for more than 50 percent of the population. Continuing to congregate at a rate comparable to that of the past few years, would lead, in less than a generation, to the development, within the territory, of a small stretch of land, its area covering 15 percent of the country's surface and regrouping 55 percent of the population; correlatively, 85 percent of the territory would be inhabited by only 45 percent of the population.

The strategy to follow in order to lessen these differences involves:

creating development centers in the Western Center, the Northwest and the South;

consolidating and reorganizing the structure of centers already in existence;

lessening demographic pressure in the western regions by identifying a specific family planning program;

strengthening centers of communication and development for the purpose of facilitating trade, especially in disadvantaged regions; and

developing the average-size towns that are integrated to development centers, in order to promote a balanced intraregional development.

With regard to investments, it is apparent that, out of an overall investment of 10.4 billion dinars provided for in the Seventh Plan:

It was possible to regionalize 5.9 billion dinars, or approximately 58 percent of the total investments;

2.2 billion dinars remain non-regionalized (20 percent); and

2.3 billion dinars (22 percent) cannot be regionalized due to their national nature.

The western and southern regions, which are considered priority areas regrouping 45.2 percent of the population, will receive 46 percent of the regionalized investments, as compared to only 29 percent during the Sixth Plan.

Those are the main challenges to be faced by Tunisia over the next 5 years. It is capable of confronting them, for it has been a development model for the past 20 years, with, as assets, an average GDP growth of 6 percent, sustained over a long period of time, and a satisfactorily growing export industries, both followed by a satisfactory social development,

#### Main Indicators of the Seventh Plan

- Overall investments: 10.4 billion dinars
- Private Investments: 5.3 billion dinars
- Foreign investment inflows: 6 billion dinars
- Investments in capitalist projects:

- Infrastructure: 2.4 billion dinars

- Housing: 2 billion dinars

• Productive investments: 6 billion dinars, of which:

- 52.2 percent: private sector

- 47.8 percent: public sector

Sectors involved with agriculture (20 percent), manufacturing industries (16 percent) and non-manufacturing industries (15.6 percent) will be given investment priority.

- GDP growth: 4 percent annually
- Agriculture: 6 percent
- Industry: 6.3 percent
- Tourism: 7.5 percent
- Exports: 8 percent annually

Services	2,082	39.25%
Transport	1,100	10.58%
Communications	379	3.64%
Tourism	385	3.70%
Housing	2,000	19.23%
Trade, other services	218	2.10

Collective equipment	987	9.49 percent
Training education	313	3.01 percent
Health	160	1.54 percent
Sanitation improvement	260	2.50 percent
Various collective equipment	254	2.44 percent

#### Regional Breakdown of the Investments Retained by the Seventh Plan

The overall amount of investments retained within the framework of the Seventh Plan comes to 10.4 billion DT, 6 of which are earmarked for the regions.

Regionalized funds are allocated as follows:

- The Northwest (Governorates of Beja, Jendouba, Le Kef and Siliana): 1.070 billion DT, or 17.9 percent of the regionalized funds;
- The Western Center (Governorates of Kairouan, Kasserine and Sidi-bou-Zid): 656.5 million dinars, or 11 percent of the funds;
- The Southwest (Governorates of Gafsa, Tozeur and Kebili): 415.9 million DT, or 6.9 percent;
- The Eastern Center (Governorates of Sousse, Monastir, Mahdia and Sfax): 1.107 billion, or 18.5 percent;

- The Southeast (Governorates of Gabes, Medenine and Tatahouine): 617.4 million dinars, or 10.3 percent;
- the Northeast (Governorates of Tunis, Ben Arous, Ariana, Nabeul, Zaghouan and Bizerte): 2.120 billion dinars, or 35.4 percent.

In addition to the 6 billion DT earmarked for the regions, there will be funds, not yet regionalized and amounting to 2.185 billion DT, for private investments, no decision having yet been made as to wherethey will be directed.

#### Distribution of Investments by Sector

Following is the distribution of investments by sector, in million dinars; their overall amount is estimated at 10.4 billion dinars.

Sectors	Amount	Rate
Agriculture	2,000	19.3%
Non-manufacturing industries	1,631	15.68%
Mines	123	1.18%
Electricity	360	3.46%
Water	282	2.71%
Hydrocarbons	790	7.60%
Public works buildings	76	0.73%
Manufacturing Industries	1,700	16.35%
Food crop industries	260	2.50%
Building materials, ceramics and glass industries	270	2.60%
Mechanical and Electric Engineering	490	4.71%
Chemical industries	200	1.92%
Textiles, clothing and leather industries	270	2.60%
Various industries	210	2%

Non-energy products, such as tourism, textile, phosphates and mechanical and electric engineering, will be particularly emphasized.

Employment: Creation of 246 jobs.

- Additional job demands: 346.000 during the course of the plan and 70,000 per year.
- Consumption increase: 2.6 percent annually
- Public expenses: 5.3 percent annually
- Current balance of payments deficit: This deficit will be reduced from 7.8 percent of the GDP in 1986 to 3 percent in 1991.
- Debt service: 28 percent of current overall export revenues.

#### Goals of the Seventh Plan

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[Text] The formulation of the development program of the Seventh Plan was the subject of extensive work aimed at defining, in light of the teachings of the Sixth Plan, the most rational policy that should be passed in order to answer the concerns of the period it will cover and to ensure, in a general manner, the permanency of developmental activities.

#### Concerns of the Seventh Plan

In the course of the Seventh Plan, Tunisia will, a priori, have to face three major issues.

It must first tackle the labor problem. The Tunisian population continues to increase rapidly at an expected annual growth rate of 2.5 percent during the course of the next plan, a rate not much different from that of the past few years. This increase would raise the total population from 7.5 million in 1986 to nearly 8.5 million in 1991, or a 1-million increase in the space of 5 years. Consequently, taking into account the stratification of the population by age group, there would be a demand for 345,000 additional jobs in the course of the Seventh Plan, as compared to 324,000 during the Sixth Plan, and 275,000 during the Fifth Plan. This higher demand for jobs will be felt all the more, due to the relatively high unemployment rate, amounting to nearly 13.8 percent of the active population, on the eve of the Seventh Plan.

Secondly, it must face the worry of bringing development to the various regions of the country.

Measures taken these past few years were aimed at balancing development once again and ensuring a better distribution of activities among the regions; even if they acquired a new dimension during the Sixth Plan through stepped up regional planning (thanks in particular to the creation of the General Commission for Regional Development), the promotion of agriculture, incentives to industrial decentralization, and the development of cottage industries, they should, nonetheless, be expanded further in order to slow down the relatively intense migratory movement currently under way from the western to the eastern part of the country. This migration has been the cause of some depopulation in the interior in favor of the coastal regions, the Tunisian West regrouping approximately 36 percent of the total population, as of the end of 1984, or 2.5 million inhabitants, as compared to 64 percent and 4.5 million for the eastern part of the country.

Finally, insofar as difficulties with exports and foreign exchange fluctuations risk to increase even more the pressures to which the balance of payments is subject, given commitments pertaining to the foreign debt and

the energy outlook, this action must ensure that said balance of payments be kept under control. It is by far the most crucial concern due to it has repercussions on the other two.

As a matter of fact, the debt service incurred at the end of 1986 would amount to 4.19 billion dinars for the duration of the Seventh-Plan, which represents nearly 24 percent of the current revenues, taking as reference an estimated annual increase of 11.5 percent of said revenues. On that score, the rate of these charges is relatively sensitive to the fluctuations of the parity of the dollar, the currency used to pay, directly or indirectly, nearly 64 percent of the total debt service; the impact of a 1-percent difference in the rate of the dollar is thus estimated at 28 MD, or 5.6 percent annually for that whole period.

Until now, petroleum production made it possible to meet domestic demands and to generate substantial foreign exchange revenues, averaging an estimated 280 or so MD annually; its prospects indicate that, failing to make new discoveries and despite the pursuit of an energy-saving program, the current surplus will gradually be reabsorbed and, in 1991, energy will show a balance deficit of nearly 50 MD.

#### Strategy Required For The Seventh Plan

The Sixth Plan taught us that the search for growth, one that would respond to worries over employment and regional development, and be compatible with the protection of foreign balances, demands the adoption of a strategy necessarily hinged on maintaining control over domestic demand and increasing exports other than energy.

Control over demand is an absolute necessity, given the inevitable effects that any increase in consumption and investments has on imports. Thus, taking into account the structure of the Tunisian economy, a 100-unit increase in domestic demand leads to the import of more goods and services of nearly 41, whether they are finished consumers' goods, raw materials, semi-finished products for items produced locally, or, when demand requires a new investment, capital goods. To be sure, a rising demand has positive repercussions on production and, therefore, on employment and revenues, but the required foreign exchange resources must also be available to finance the generated imports.

A 6-percent annual increase of the GDP at constant prices is the minimum rate which ensures the full benefit of the additional demand. Thus, when this growth relies essentially on domestic demands, it is expressed by: Strongly increased imports (+11 percent annually at constant prices for a domestic demand increasing at an annual rate of 8.5 percent) and, therefore, by a rapid deterioration of the current balance of payments deficit which, in this case, would total close to 10 billion dinars for the duration of the plan, accounting for an average 21

percent of the GNP; an excessive recourse to foreign capital (in the amount of 15 billion dinars); and entirely intolerable charges as applied to the debt service, their rate amounting to nearly 59 percent of the current revenues in 1991.

The intensive development of exports is therefore an imperative in order to accept, under economically workable conditions, the repercussions of the domestic demand on the balance of payments. It is not, therefore, a goal per se, but a choice dictated by a reliable and objective analysis of the economic situation and its potential development. As a matter of fact, except for agriculture, which still has great exploitation potential needing to be optimized in order both to increase production and reduce the food deficit, the possibilities of transferring imports to other sectors are increasingly limited, for existing capacities are already highly under-utilized in some of those sectors. The trend toward export is, consequently, the only solution for the future development of most sectors.

As a matter of fact, it allows market expansion: directly, through the marketing of part of the production for foreign markets and, indirectly, through the accompanying increase in the domestic demand that it favors. Furthermore, there is a clear relationship between exports and domestic demand, which must be scrupulously respected if we want to avoid, under present conditions, any changes in the foreign balance; within the framework of this relationship, exports must increase, in constant prices, at a rate at least double that of the domestic demand.

Consequently, the desire to reach the full benefit of the increased demand, within the framework of a controlled development of the foreign balance, necessarily implies searching for a GDP growth, proceeding at an average annual rate of at least 6 percent, which relies on agriculture (+8 percent annually) and is supported mainly by exports (10.3 percent annually corresponding to 13.4 percent annually for products other than energy) so as to reduce imports on the one hand, and release the foreign exchange resources needed to finance imports, on the other.

As far as the domestic demand is concerned, it will have to increase at an annual rate of 4.7 percent, or barely half the growth rate planned for exports. In addition, this control over demand will necessarily have to ensue from increased consumption, which must be held at an annual average rate of 3 percent at constant prices. On the other hand, investments will have to be vigorously sought and redirected in order to ensure the designated GDP growth. As a matter of fact, the entire sum will have to come to some 14 billion dinars at current prices, accounting, on an average, for 27 percent of the GDP. As for the distribution by sectors, it will have to favor productive projects in the sectors responding best to the concerns over the balance of payments and employment, namely, in particular, agriculture, the manufacturing

industries and tourism. The funds allocated for the productive sector would amount to 9 billion dinars, with approximately half of them going to projects using a large work force and very much directed toward exports.

Such conditions for the Seventh Plan, however, turn out to be difficult to meet, if not unrealistic.

As a matter of fact, if, within the limits imposed by the projected macro-economic parameters and through voluntarist measures, a policy of austerity aimed at revenues can be pursued in order to hold back consumption, it is not easy, on the other hand, to reintroduce, with the required drive, productive investments favorable to small- and middle-sized projects which would earmark a large share of their production for exports. This would require that the ability to identify and implement projects of that nature be considerably reinforced, an expectation which seems unreasonable at this point, because only gradually can the program for improving the environment of the enterprise, currently under way, give the hoped-for results. Neither is it easy to increase exports, other than petroleum, to such an extent (13.4 percent). This would require that prospecting and the penetration of foreign markets be actively pursued, a task which, a priori, seems inaccessible, given the inflexible nature of the economy and the delays needed to make it more resilient and flexible, an essential condition in order to assume such a deficit.

Taking these remarks into account, the outline for full employment described above can therefore only be taken as a reference for shedding light on the necessary choices and reorientations toward which it is important to aim, if conditions allow; however, it cannot reasonably constitute the program of the Seventh Plan.

The latter must reconcile requirements for maximizing growth and the creation of jobs with those for prudence and realism; in order to avoid any shift in the balances of the Seventh Plan, they must define performances pertaining to the promotion of exports and the rationalization of investment and consumption.

#### **Program of the Seventh Plan**

The program considered for the Seventh Plan takes into account these conclusions and remarks.

In the first place, the goal of this program is to boost, vigorously and realistically, production and sensible marketing possibilities; the targeted increase for exports as a whole is thus set, at constant prices, at 5.3 percent annually, on an average, and at 7.9 percent annually for products other than energy, the main contributors being:

Tourism, for which the considered targeted increase (an average of 7.5 percent annually at constant prices) is based on an increase of lodging capacities to nearly

19,000 beds during the plan and on a reasonable improvement of the occupation rate (from 45.5 percent in 1986 to 54.4 percent in 1991);

phosphates and by-products which, owing to the new facilities set up during the Sixth Plan and those planned for the Seventh Plan (SIAPE [Phosphoric Acid and Fertilizer Manufacturing Company] II), are due to increase by an average 7.1 percent annually at constant prices, generating net foreign exchange revenues amounting to nearly 143 MD annually, on an average, for the duration of the Plan; and, finally,

textile and engineering and electric industries, with respective annual increases of 7.4 percent to 11.3 percent at constant prices.

In the second place, this program is based on a moderately increased consumption, amounting to 2.6 percent annually at constant prices, resulting from a tight control over public consumption, which, together with budgetary constraints, would not be allowed to rise above 1.5 percent annually; and on an annual development rate of nearly 3 percent annually for private consumption. This handling of consumption reflects the desire to continue adapting household expenses to the real potential of the economy in order to reduce pressures on imports and ensure the required harnessing of savings.

Finally, the program retains an investment fund of 10.4 billion dinars at current prices; taking into account the foreseeable price increases, this means limiting investments to an overall amount of 8.4 billion dinars at 1986 constant prices, a drop of 24 percent as compared to the realizations in volume of the Sixth Plan. Despite this reduction dictated by the imperatives for maintaining the general balance and justified, above all, by the present capability of the country to promote productive projects by responding to the concerns of this period, the impact of investments on production and employment will be, however, substantially better as compared to the preceding plan. To begin with, this amelioration will result from the improved utilization of already existing resources that have considerable margins of improvement, whether they belong to tourism or the manufacturing industries. Secondly, it will be due to the significant reorganization selected to allocate the overall funds, to the extent in which these funds cover a major increase in the share allocated to priority sectors and activities. As a matter of fact, agriculture accounts for nearly 19.2 percent of the funds and manufacturing industries, 16.4 percent, a situation which, taking into account the nature of the projects in these sectors, contributes to increasing the share of small- and middle-sized productive investments (from 18.6 percent to 26.6 percent from one plan to the next) and that of the private sector which goes from 45 percent during the Sixth Plan to 51 percent during the Seventh.

Within the framework of such a program, the budget deficit of the state consolidated operations, exclusive of amortization, would be substantially reduced from 5.3 percent of the GDP in 1986 to only 1.5 percent in 1991. Because of this, the overall state expenses would rise moderately, in the amount of 5.3 percent annually in nominal value, or barely half of the growth rate of the GDP at current prices (11 percent annually). The slowdown would result in a significant reduction of operational and equipment subsidies and a thorough control of direct state investments, limiting the funds reserved for this category of operations from increasing, in nominal value, more than 1 percent annually, on an average.

As for the domestic credits of the monetary system, they would be significantly reduced (an average -8.7 percent annually as compared to 18.5 percent during the Sixth Plan) in order to maintain the growth of the money supply at the moderate rate (10 percent) which supports the policy of rationalization of the domestic demand.

GDP growth and efforts to create jobs while maintaining financial balances are expected to continue owing to this reorientation and rebalancing of the final demand.

As a matter of fact, growth for the Seventh Plan would reach 4 percent annually, on an average, as compared to 2.9 percent during the previous plan. Taking into account the projected control of the domestic demand, this rate, which seems modest when compared to rates that were usually recorded prior to the Sixth Plan, implies, in reality, considerable performance on the part of agriculture and export-oriented activities. Following the slump of 1986, agriculture is due to increase at a sustained rate of 6 percent annually at constant prices. This increase would be due essentially to the cultivation of cereals and to stock breeding; those are the uncertain commodities for which there is a large foreign deficit. As for the manufacturing industries, they would grow by 6.3 percent annually, affected mainly by the increased exports of the various industrial sectors (+8.5 percent annually at constant prices). Finally, tourism, which has become over the past few years the main source of foreign exchange, would increase at a high rate, amounting to 7.5 percent, concurrent with the export performances assigned to it.

In this manner, and taking into account the nature of these sectors, which usually employ large work forces, 24,000 new jobs are expected to be created in the course of the Seventh Plan, an increase of 20 percent as compared to the Sixth Plan. The administration would be directly responsible for nearly 35,000 jobs, as compared to nearly 55,000 during the Sixth Plan, and the productive sectors for the remainder, or 205,000 jobs, as compared to only 145,000 during the Sixth Plan.

Although the overall figure is within the demand, this new job rate corresponds in reality to a sustained growing offer of jobs, which would go from 30,000 in 1986, barely filling 44 percent of the additional demands, to 61,000 in 1991, accounting for practically all the demands estimated for that year. This increase can be

explained by the gradual success of the economic and social policy measures, the impact of which will be particularly felt during the last years of the Plan.

However, as will be discussed later, subsequent measures are being considered, especially during the first years of the plan; they will occur in particular within the framework of regional development programs and activities aimed at absorbing the largest share of the remaining demand. The goal will be to ensure the creation of some 60,000 additional jobs for the duration of the plan, in order, at the most, to maintain the unemployment rate at its 1986 level.

Taking these considerations into account, the financial balance would be substantially improved.

Overall, domestic saving would experience a sustained growth, owing to the gradual increase of the GDP (11 percent annually at constant prices), going from 16.1 percent of the GNP in 1986 to 19.2 percent in 1991. The improvement should come from the various sectors, and more particularly from the enterprise which is the main beneficiary of the implemented recovery program. The contribution of the enterprise in the making of the financial reserve should more than double from one plan to the next, going from an average of 16.3 percent to nearly 38 percent.

Comparatively, the imbalance of the current balance of payments would be gradually reduced.

As a matter of fact, secondary to the increase of the agricultural production, the control of consumption and the rationalization of investments would make it possible to consider limiting the increase of imports during the Seventh Plan to an average of 0.9 percent annually at constant prices.

This slowdown in imports would thus be the result of:

lower capital goods imports (-5.7 percent), together with the planned rationalization of investments;

the annual reduction of 3 percent of the volume of imported foodstuff, according to the production goals aiming for self-sufficiency in hard wheat and barley in 1991, and the margin requirement of 90 percent for meat, 75 percent for milk and 27 percent for soft wheat; and

the more or less stagnant imports of energy products, due to the completed expansion of the refinery.

As for the other imports, they increase at a relatively more sustained rate in keeping with production and consumption goals, the increased annual rate retained for them averaging 3.5 percent at constant prices.

Under these conditions, and taking into account the targeted increase for exports and the foreseeable development of revenue transfers, current comprehensive balance of payments operations show an overall deficit of 2,315 MD for the duration of the Seventh Plan, accounting for 4.8 percent of

the GNP, as compared to 2,588 MD and an average 8.5 percent during the Sixth Plan, the yearly amount going from 554 MD in 1986, accounting for 7.8 percent of the GNP, to 335 MD in 1991, and only 3 percent. Such a deficit level seems to be the maximum tolerable at this stage. Given the foreseeable reimbursement of the principal of the debt and the necessary reconstitution of the foreign exchange reserves, resorting to foreign capital, which the deficit implies, comes to 6 billion dinars for the duration of the Plan, as compared to only 3.6 billion dinars during the Sixth Plan. Consequently, the debt service in 1990 would reach 29.4 percent of the current revenues, or a ratio practically at the limit of tolerability. This would occur despite future efforts to harness these resources according to a program involving an increased share of capital in the form of gifts, shares and long-term loans (75 percent of the total as compared to 62 percent during the Sixth Plan) and, consequently, a lesser recourse to middle-term loans. However, efforts to restore balance should begin to show their results beginning in 1991, the year during which the debt service ratio would begin to decline significantly (from 29.4 percent to 27.65), a drop generally expected to continue beyond that date, taking into account the estimated overall level of indebtedness at the end of 1991 (6,632 MD representing 56.4 percent of the GNP as compared to 58.7 percent in 1986) and, above all, its improved profile with the increase of the long-term debt (75 percent of the total in 1991 as compared to 60 percent in 1986) and the reduction of the middle-term one.

Such is, in short, the program being considered for the Seventh Plan. Let us summarize. It is founded on a strategy resolutely based on the promotion of agriculture, increased exports and control of the domestic demand, as a means to reconcile the requirements for growth and job creations with those for the return to an acceptable and tolerable balance of payments.

By and large, although not totally auspicious, the overall goals supporting the program prove to be ambitious, to the extent in which they imply more austerity in the allocation of resources and a strict discipline in the allocation of expenses, and of public expenses in particular, at stake being the reduction of nearly one-third of the cost of employment in terms of investments and of nearly half of the marginal capital-output ratio from one plan to the next.

GNP growth must be compatible with the trends of the general balance with regard to the control of the domestic demand and the increase of exports.

On this basis, the growth selected for the Seventh Plan averages 4 percent annually at constant prices, that is to say, a rate which, although seemingly modest as compared to the accomplishments of the second decade of development (7.3 percent annually between 1972 and 1981), actually represents a substantial improvement as compared to the achievements of the Sixth Plan (only 2.9 percent annually), an improvement which makes it possible to lower from 9.7 to 5.2

the marginal capital-output ratio from one plan to the next.

In accordance with the priorities of the Seventh Plan, the projected growth rate relies essentially on:

A large contribution from the agricultural sector, amounting to 23 percent, as compared to barely 5 percent during the Sixth Plan, insofar as agriculture is scheduled to increase by 6 percent annually at constant price, as compared to only 0.9 percent for the Sixth Plan;

a constant growth of the manufacturing industries, amounting to 6.3 percent annually, as compared to 5.5 percent during the Sixth Plan, relying particularly on the projected growth of exports; and

an annual 7.5 percent increase in tourism as compared to an average decline of 2.5 percent annually during the Sixth Plan, owing to a better return on the large-scale facilities set up over these past few years.

If, however, the hydrocarbon sector and the administrative services are excluded, the former due essentially to the gradual decline of the crude petroleum production (4 million tons in 1991, as compared to 5.3 MT in 1986) and the latter cut back in consideration of the control of public expenses, the rest of the sectors should increase at a relatively high rate (an average of 5.2 percent annually) and, in any case, clearly superior to the corresponding achievements of the Sixth Plan (an average of 3.0 percent annually).

	Growth at constant prices		Contribution to growth	
	Sixth Plan	Seventh Plan	Sixth Plan	Seventh Plan
Agriculture and fishing	0.9	6.0	4.9	23.0
Manufacturing industries	5.5	6.3	28.5	26.8
Non-manufacturing industries	0.9	0.8	6.8	3.4
Non-administrative industries	3.2	5.1	39.3	47.1
including tourism	(-2.5)	(7.5)	(-3.5)	(7.8)
Administrative services	4.7	2.0	20.5	6.5
GDP	2.9	4.0	100.0	100.0

### Agricultural Production and Fishing

Agriculture will have a high priority during the Seventh Plan in consideration of the position it occupies in the socio-economic life of the country and taking into account the role which it assumes in the lessening of pressures on the balance of payments, the improvement of the employment market and the spread of regional development.

Because of this, a relatively high growth objective, amounting to 6 percent annually at constant prices, is retained in that sector, as compared to 0.9 percent annually during the Sixth Plan. The contribution of that sector to overall growth is thus appreciably increased from one plan to the next, going from 4.9 percent to 23 percent.

This strong growth is partially explained by the small rate of the base year, partially also by the high amount of investments allocated to that sector (19.2 percent of the overall funds) and the various incentives from which it benefits (preferential interest rates, revalorization of production prices, etc).

Performances expected from the main speculative commodities under consideration are listed in the following table.

Average annual production (100 T)	Sixth Plan	Seventh Plan	Growth
Cereals (M.Q)	11.7	13.5	15.4%
Olives for oil use	485.0	600.0	23.7%
Citrus fruit	194.2	273.0	40.6%
Potatoes	143.0	200.0	39.9%
Tomatoes	378.0	454.0	20.1%
Beef	58.3	71.2	22.2%
Mutton and lamb	65.4	80.9	23.7%
Poultry	56.6	63.6	12.4%
Milk	290.2	431.0	48.5%
Fishing	77.3	119.3	54.3%

Cereal production expected for the duration of the Seventh Plan would average 13.5 million quintals annually, whereas during the Sixth Plan it amounted to only 11.7 MQ. This amount is based on self sufficiency for hard wheat and on the maintenance of at least the present margin requirement for soft wheat (or 27 percent). Such a goal allows us to raise the margin requirement for our consumption (human and animal) to approximately 56 percent, as compared to 52 percent during the Sixth Plan, making it possible to stabilize our dependency on imports around 10 MQ (all types of cereals combined), despite increased needs, this amount being practically the same as that of the Sixth Plan. Implementation of such a production rate, which, it should be stressed, remains dependent upon better soil preparation and an increased use of fertilizers (240,000 T in 1991 as

compared to 183,000 T in 1986) and herbicides, will be made easy through various incentives granted farmers, especially through the continued revalorization of producer prices.

Concerning arboriculture, production during the Seventh Plan will increase by an average of 4 percent annually. This rate relies essentially on an average production rate of 600,000 tons of olives for oil use and 273,000 T of citrus fruit, provided new plantations, totaling 111,000 hectares, are created and land, totaling an additional 117,000 hectares, reclaimed.

By 1991, implementation of these production goals will allow the release for exports of a surplus estimated at 60,000 T for olive oil, 100,000 T for citrus fruit, 30,000 T for dates and 6,000 T for almonds, as compared respectively to 50,000 T, 45,000 T, 17,000 T and 3,400 T in 1986.

Produce, which should yield 1,612,000 T on an average, as compared to 1,337,000 T during the Sixth Plan, depend primarily on cultivated land being increased by 2,890 hectares, as compared to the duration of the Sixth Plan, which would bring the total of cultivated land to 110,320 hectares, additional cultivated land having to attract, above all, products capable of influencing the trade balance, namely, potatoes, tomatoes and artichokes. This yield depends secondarily on the profitability of the irrigated surfaces which will be increased by approximately 120 percent in 1991, as compared to only 70 percent on the eve of the Plan.

To meet the goals pertaining to the limitation of meat imports (9,500 T in 1991, as compared to 16,500 T in 1986) and to the improvement of the margin requirements for milk and dairy products (75 percent, as compared to barely 54 percent in 1986), stock breeding activities should, during the Seventh Plan, increase by 4.7 percent annually at constant prices, as compared to 3.6 percent during the previous plan.

Under these conditions, meat production should reach 142,300 T in 1991, as compared to 117,200 T in 1986. Based on the assumption that per capita consumption will more or less stagnate (19.4 Kg of meat and organ meats in 1991, as compared to 19.3 Kg in 1986), this rate would make it possible to reduce imports gradually. As for milk production, it would reach 523,000 T in 1991, as compared to 325,000 T in 1986, or an average annual increase of nearly 9.6 percent.

Finally, concerning fishing, an annual increase of 7 percent, on an average, is expected during the Seventh Plan, raising the 1986 production of nearly 93,000 T to 133,000 T in 1991. This increase requires primarily a better utilization of existing equipment in order to increase substantially the annual number of days at sea.



### Production of Manufacturing Industries

Projected growth in the manufacturing industries sector for the duration of the Seventh Plan averages 6.3 percent annually, as compared to 5.5 percent during the Sixth Plan, thus raising the share of the manufacturing sector in the GDP to approximately 18.5 percent in 1991, as compared to 16.5 percent in 1986.

This achievement is all the more important as it is not due to the performance of one plan over the next (-24 percent); rather, it is due primarily to the improved utilization of already existing resources, which will be

expressed by a substantially improved marginal capital-output ratio which is required to drop from 8 for the Sixth Plan to 4 during the next plan.

Furthermore, it should be stressed that this growth depends more on foreign demand, insofar as the expected overall rate is the result of a 8.7 percent increase for manufactured products earmarked for export and 5.6 percent for those earmarked for the domestic market, as compared respectively to 3.7 percent and 6 percent during the Sixth Plan.

The growth rate of the various sectors in the agricultural and food industries is shown on the following table:

(at constant prices)	Growth of the added value		Contribution to Growth	
	Sixth Plan	Seventh Plan	Sixth Plan	Seventh Plan
Agricultural and Food Industries	2.3	5.1	9.9	17.8
Building materials industries	6.5	6.5	17.7	16.0
Engineering-electrical industries	7.5	7.6	18.8	17.1
Chemical industries	7.0	5.6	14.6	11.0
Textile and leather industries	3.5	5.9	14.5	20.3
Various industries	10.5	7.6	24.5	17.8
Manufacturing industries	5.5	6.3	100.0	100.0
Non-food industries	(6.5)	(6.6)	(90.1)	(82.2)

The growth selected for the agricultural and food industries is set at 5.1 percent annually, on an average, as compared to 2.3 percent during the Sixth Plan. This rate relies essentially on the olive oil, canned food and milk sectors.

Finally, the activity of the dairy industry should increase at a steady rate, amounting to 6 percent at constant prices, owing in particular to the projected improvement of the dairy industry production, estimated to go from 1.5 million hectoliters in 1986 to 2.2 million hl in 1991.

The building materials sector will increase during the Seventh Plan at the same rate as it did in the previous one (an average of 6.5 percent annually), owing in particular to the activities of binders, red products and tiles.

Average Production	Sixth Plan		Seventh Plan	
	1,000 T	Acct	1,000 T	Acct
In 1,000 T				
Olive Oil	97	-13.1%	120	4.5%
Sugar	94.2	-2.8%	113	3.4%
Canned food	85.8	-0.3%	119.8	7.4%
Milk (1,000 hl)	1,255.8	15.4%	6.0%	

Olive oil production would reach 120,000 tons annually, on an average, as compared to 97,000 T during the Sixth Plan; half of this production would be earmarked for export, given the possibility of selling to the European Economic Community and other markets. The rest, or 60,000 T, would be sold on the domestic market; this assumes that olive oil consumption will rise rapidly (6.3 percent annually) and other vegetable oils will remain more or less stable.

Canned food production would reach close to 133,000 T in 1991, as compared to 103,000 T in 1986, or an average increase of 7.4 percent annually, this improvement being due mostly to tomato concentrate (65,000 T, as compared to only 48,500 T in 1986).

Average production	Sixth Plan	Seventh Plan	Acct
In 1,000 T			
Cement	2,627	3,450	31.3%
White cement	-	160 <sup>(1)</sup>	-
Red products	2,100	2,840	35.2%
Faience tiles (100 square meters)	3,230	4,940	52.9%

It should be noted that cement production will be backed by an export program averaging 600,000 tons annually, and 300,000 tons of clinker annually, as well as with the entry of the white cement plant into production, scheduled for early 1988, with an output of 160,000 annually, half of which earmarked for export.

Concerning the engineering and electrical industries, the expected growth for the duration of the Seventh Plan amounts to 7.6 percent annually, on an average, or the same rate as the one recorded during the Sixth Plan.

The most significant production performances are found, among others, in:

Foundry, owing to the expansion of existing facilities which makes it possible to increase the production of reduced metal pieces from 9,000 tons in 1986 to 15,000 tons in 1991;

mechanical engineering with significantly increased activities in the manufacturing and assembly of industrial vehicles (+20 percent annually at constant prices); and

metal structures with a large increase in the production of structural works and hollow ware (+7 percent annually), owing to a better participation of Tunisian companies in the manufacturing of industrial equipment.

Concerning the chemical industries, the growth of the added value during the Seventh Plan, or an annual average of 5.6 percent, relies on products earmarked, in a large proportion, for exports, in this case:

Phosphoric acid: of the 765,000 T to be produced in 1991, 480,000 T will be earmarked for export that same year;

diammonium phosphate, with a production of 580,000 T in 1991, to be exported in its entirety;

the super triple, with a production of 750,000 T in 1991, 80 percent of which will be earmarked for export; and

super phosphoric acid, with a production of 150,000 T by 1991, earmarked for export in its entirety, owing to the entry into that field of a new production facility.

Growth in the textile, leather and shoe industries, which amounts to 5.9 percent annually, as compared to 3.5 percent annually during the Sixth Plan, relies primarily on increasing exports at a rate that would more than double from one plan to the next (8.5 percent annually at constant prices, as compared to only 3.5 percent); this will allow that sector to maintain the position which it has been holding since 1986 among the sectors that are sources of foreign exchange.

Growth performance relies, among other things, on the production of clothing and knitted goods, as shown on the following table:

Annual production Average in 1980 constant prices in MD	Sixth Plan	Seventh Plan
Wool and cotton yarns	41.2	52.0
Wool and cotton fabrics	69.7	90.6
Ready wear	203.4	267.2
Knitted goods	64.5	78.9
Leather	10.1	19.1
Shoes	42.2	55.5
Carpets	11.1	12.6

Clothing production is estimated at 94.4 million pieces for 1991, as compared to only 70.4 percent in 1986, together with the projected expansion of exports, which will go from 54.3 million pieces in 1986 to 73.3 million pieces in 1991.

As for the production of knitted goods, it would reach 11,950 T in 1991, as compared to 9,150 T in 1986, 52 percent of which earmarked for exports.

Finally, an anticipated 20 million pairs of shoes would be manufactured in 1991, to be sold primarily on the domestic market, exports amounting only to 2.5 million pairs.

Concerning the various manufacturing industries, the growth selected for the duration of the Seventh Plan (7.6 percent, as compared to 10.5 percent for the Sixth Plan) will allow developmental efforts to continue for the companies of that sector, which are, for the majority, small or average in size. The rate thus selected relies on the following developments:

The wood industries are called to increase by 6.4 percent, as compared to 9.5 percent during the Sixth Plan;

the paper industry, by 8.0 percent, as compared to 7.4 percent; and

the plastic industry, by 9.5 percent, as compared to 15.9 percent.

#### Production of Non-Manufacturing Industries

For the duration of the Seventh Plan, the added value at constant prices of the non-manufacturing sector would experience a slight decrease averaging 0.8 percent annually, as compared to an increase of 0.9 percent during the Sixth Plan. This development is essentially the result of a favorable performance on the part of the mining industry (an average of +3.1 percent annually, as compared to -0.8 percent) and of a foreseeable drop of the added value of the energy sector (-2.7 percent annually, on an average, as compared to -0.7 percent), together with the expected decline of the crude petroleum production, which would go from 5.3 million tons in 1986 to nearly 4 MT in 1991.

Growth in the mining sector (3.1 percent) is based on a production goal for phosphate of 6.6 MT in 1991, as compared to 5.8 MT in 1986. This production rate would make it possible to supply the fertilizer industry and to release for export a surplus of 1.2 MT annually, on an average, as was the case during the Sixth Plan.

Concerning the energy sector, the decline of the added value (-2.7 percent) would mainly be the result of the foreseeable reduction of the crude petroleum production which, taking into account the production patterns of the main deposits under operation and the absence of new economically profitable discoveries, would drop from 5.3 MT in 1986 to only 4 MT in 1991

Crude petroleum production (in million tons)	1986	1991	Annual average	
			Sixth Plan	Seventh Plan
Deposits				
El Borma	3.4	2.4	3.4	2.8
Ashtart	1.2	0.9	1.3	1.0
Tazarka	0.3	0.1	0.3	0.2
Others	0.4	0.6	0.4	0.5
Total	5.3	4.0	5.4	4.5

As for electricity, the growth rate selected for the duration of the Seventh Plan averages 5.2 percent annually, as compared to 7.6 percent during the previous plan. This slowdown does not indicate a lesser effort in the electrification of the country, but corresponds rather to a better energy conservation. As a matter of fact, the rate of electrification would reach 80 percent in 1991 (100 percent in urban areas and 56 percent for the total rural area), whereas the flexible added value of GDP electricity would go from 2.6 to 1.3 in the course of the two plans.

Growth at constant prices (%)	Annual average	
	Sixth Plan	Seventh Plan
Mines	0.8	3.1
Energy	0.7	-2.7
Hydrocarbons	(-0.1)	(-0.4)
Electricity	(7.6)	(5.2)
Water	5.5	4.0
BTP	0.9	1.0
Total for non-manufacturing industries	0.9	-0.8

Concerning the water sector, the growth selected for the duration of the Seventh Plan averages 4 percent annually, as compared to 5.5 percent during the previous plan. This estimate is based on the annual completion of 50,000 new connections, or a rate very close to that achieved during the course of the Sixth Plan; thus, the overall rate of service, originating from the SONEDE [National Water Exploitation and Distribution Company] networks, would go from 69.5 percent in 1986 to

nearly 73 percent in 1991, 100 percent for urban areas and 33 percent for rural ones.

Finally, the building and public works sector will practically maintain the same growth rate as it did during the Sixth Plan, or an average of 1 percent annually; this sector is dependent on investment prospects, particularly in the housing and tourism sectors, for which allocated funds are limited to 385 MD for the duration of the plan, as compared to 2,118 MD in the course of the Sixth Plan.

### Output of Non-Administrative Services

The growth of non-administrative services would average 5.1 percent annually during the Seventh Plan, whereas it only came to 3.2 percent during the Sixth Plan; this improvement results essentially from tourist activities, which are called to increase by 7.5 percent, as compared to an average decline of 2.5 percent between 1982 and 1986.

Growth at constant prices (in%)	Sixth Plan	Seventh Plan
Transportation	3.1	5.6
Communications	6.2	7.2
Tourism	-2.5	7.5
Rent	3.8	4.0
Trade and various services	4.1	4.7
Total	3.2	5.1

The added value of the transportation sector will increase by an average of 5.6 percent annually, as compared to 3.1 percent during the Sixth Plan. This growth implies the improvement of railroad (8.9 percent, as compared to 1 percent), sea (7.3 percent, as compared to 3.8 percent) and air (5.5 percent, as compared to 2.9 percent) operations.

The estimated increase in the railroad sector comes primarily from the expansion of the light Tunis and Sahel metro and from the completion of most of the railroad projects currently under way, which would make it possible to bring the number of passengers per kilometer to 1,083 million and the number of tons per kilometer to 2,462 million in 1991, as compared respectively to 809 million and 1,859 million in 1986. With regard to the maritime sector, growth stems essentially from the transport of chemical products from the Gabeschimie-transport Company; the chartered tonnage of that company would go from 638,000 tons in 1986 to 1,312,000 tons in 1991.

As for air transport, its development is closely linked to the increase selected for the tourist sector, which is due to bring about, among other things, an increase of activities for the air transport sector, this increase averaging 5.8 percent annually.

As for the communications sector, it is expected to achieve a future growth averaging 7.2 percent annually, as compared to 6.2 percent for the Sixth Plan, following the important investment effort authorized in its favor (380 MD, as compared to 200 MD), making it possible to raise the number of subscribers to 420,000 in 1991, as compared to 217,000 in 1986.

Finally, due to its contribution to the equilibrium of the balance of payments, the creation of jobs and its repercussion on the other sectors of the economy, the tourist sector would be called upon to expand during the Seventh Plan at an annual rate of 7.5 percent, on an average,, whereas it declined over the past few years (an average of -2.5 percent annually during the Sixth Plan). Such a growth rate is attributed to the new availability of 19,000 beds and is based above all on the improved utilization of existing facilities; the occupation rate is expected to go from 45.5 percent in 1986 to 54.4 percent in 1991. Document of the Seventh Plan

Ministry of Planning and Finance

First Part

6857

### **Tax Director Describes 1988 Fiscal Reform**

45190021a Tunis DIALOGUE in French

28 Dec 87 pp 20-24

[Interview with Hassan Dachraoui, general tax director, by Wajdi Saihi; date and place not given]

[Excerpts] The second half of the year 1988 will be marked by the promulgation of a tax reform involving the gradual introduction of the TVA.

General Tax Director Hassan Dachraoui described to us the focus and the goals of the new tax legislation.

[Question] For some years there has been talk of reorganizing the Tunisian tax system. Why was this need for reform felt?

[Answer] The present Tunisian tax system is characterized by archaic legislation and is further burdened by the changes introduced to adapt it to the existing economic structures throughout the past 3 decades. To this must be added the fact that the current laws are also characterized by an anachronistic feature, in that texts dating back to the last century and those promulgated recently overlap.

One could also note other limiting aspects, such as the multitude of charges, some of which benefit the state budget, while others go to the communes, and even to professional bodies, not to mention the complexity of the method of calculating these charges, some of which involve a percentage of a tax-base figure, while others are based on a fixed sum either for a product unit, a given quantity or a given volume. The continuing confusions in the tax law created by the finance laws at the end of

each year, the supplementary finance laws, and even the simple laws and regulations approved or adopted to meet each need, should also be noted. If taxation is a permanent thing, the rules which govern it are constantly being revised.

On the other hand, and although it has not as yet developed into an industry, fraud in Tunisia is not a mere matter of science fiction. It is a reality, and unfortunately, a usual, commonplace and bitter one. It is a practice in which every socioprofessional category engages, in the belief that it is being taxed more heavily than the others. Some even go so far as to claim—with what impudence!—their right to commit fraud. How pervasive is it? It cannot be quantified because of the lack, or great inaccuracy, of the data available, but it is a major phenomenon. The reasons are multiple—the weight of the tax burden, the complexity of the laws, the inequalities in taxation, and misunderstanding of the use of taxes.

There are also other reasons which it would be too tedious to list here, so numerous are they, but which in fact constitute a hindrance to economic development and productivity.

It is, therefore, more than necessary to have recourse to reorganization of the system with a view to improving fiscal income, on the one hand, and also to lightening the burden on the least favored strata.

The reform planned must then give rise to a reasonably stable system, one which can indeed be amended from time to time, but one which will not be subject to regular dislocations at the end of every year, and even during the year. In fact, the frequency and excessive speed in amending fiscal laws provides an unparalleled excuse for diverting them from their stated purpose, not to mention the sense of instability, fear and uncertainty to which this gives rise.

Equitable taxation relies on two principles. It means first of all that all individuals whose financial situations are similar should bear a similar portion of the fiscal burden. Equity also demands that individuals with large incomes pay out a larger part of those incomes than individuals with limited resources.

This should lead, therefore, to the drafting of a system which is simple in form and understandable in content, and one to which taxpayers are fully willing to submit. It should be expressed in such a way as to allow the taxpayers to fulfill their obligations in direct fashion and to defend their rights.

Clear legislation offers fewer loopholes for fraud and abusive interpretation.

On the practical level, the reform planned will have four aspects.

1. Amnesty, which has already been put into effect, and which will ensure the improvement and rationalization of relations between the tax administration and the taxpayers, among the other goals served.

2. The TVA.

3. Direct taxes, with the establishment of a single tax on personal income.

4. Codification.

[Question] In this connection, what exactly are the amnesty measures?

[Answer] This is a special measure justified by the desire to alter a fiscal atmosphere which is inconsistent with the interests of the community and to put capital which has been kept inactive out of fear of taxation back into the economic circuit. The extent of any amnesty measure is, of course, limited in time, in order to allow those for whom it is designed to put their affairs, based on their past situations, in order.

1. Taxpayers who have filed all of the past declarations due, or who have not filed one or more but who do so prior to 31 December 1987, will benefit from immunity where the checking on declarations, changes or transactions on which the duties had fallen due as of the date of the promulgation of the law is concerned. In addition, individuals who plan to put their affairs in order prior to 31 December 1987 will benefit, where stamp duties on property are concerned, from the reduced new rates, without penalties, fines or back interest.

2. Where contract workers and wage earners are concerned, they will benefit from the same measures, if they have filed, or do file prior to 31 December 1987, the last income declaration due, with payment of the tax.

3. The checks in progress have been suspended, and taxpayers in arrears on one or more declarations will have the opportunity to regularize their situations themselves under the conditions already described.

4. Additional civil fees not yet collected have also been suspended, and taxpayers in default on one or more declarations can regularize their situations under the same conditions.

5. Any regularization with a view to the benefits of the amnesty must involve a declared taxable amount of more than that shown on the last declaration filed, unless, naturally, proof of the declared amount is provided by an accountant.

6. However, exemption from checking will not be allowed for taxpayers who are in fact earning income but have never declared it to the administrative authorities.

7. Payment on the figures shown on accounting registers, or which will be so shown as a result of the regularization of taxpayers' situations will be made at the rate of one twentieth every quarter, except for contract workers and wage earners. However, any failure to pay by the date due will entail the payment of a fine equal to the amount of the unpaid sum, with no possibility of remission.

8. The administration is authorized to remit the tax sums due in full or in part, as a measure of grace, if application has been made by the taxpayer prior to the promulgation of the law, but solely where matters in litigation are concerned.

9. The application of the procedure based on assessment of the increase in assets will be suspended during the period of the Seventh Plan when this increase is the result of an investment in the economic recovery sectors or the reorganization of the public enterprises.

10. Moreover, this opportunity will even be available to taxpayers whose accounts are to benefit from a remission of their tax debt, as a measure of grace, with regard to investments made subsequent to the promulgation of the law, up to a limit of 50 percent of the amount they are shown to owe.

[Question] You have also referred to the rationalization of relations between the tax administration and the taxpayers. What, specifically, will this measure involve?

[Answer] The new measures and the reforms we are planning require the development of a favorable atmosphere and an adequate administrative infrastructure in order to ensure that they succeed as it is hoped they will and achieve the goals which underlay their conception.

In fact, whatever its intrinsic value, a fiscal system is established to be implemented for men and by men. Thus it can be seen that its success or failure is in large part a function of the human relations which exist between the employees of the tax administration and the taxpayers. It is a question, then, of establishing a favorable fiscal environment. To achieve this, the administration will work simultaneously in two directions:

—On the administrative level, by organizing its technical activities, insofar as possible, in such a way that they cause a minimum of unpleasantness and tedium for the taxpayer. Rigorous treatment of those involved in fraud will no longer mean harassment of the honest taxpayers; and

—On the taxpayers level, by improving the education, attitude and civic sense of the taxpayers.

[Question] What about the TVA and the direct tax?

[Answer] This is the heart of the problem. Where indirect taxes are concerned, the legislation is at present characterized by the multiplicity of taxes, diversity of the

systems and rates, and the lack of any standardized application of charges on the various products. This has led not only to the overlapping of various tax provisions, but to the existence of a special system for almost every product, as well.

This is why, based on the universally recognized advantages of the TVA, which has already been tested in about 40 countries, Tunisia has decided to join the countries which have adopted it.

The TVA has the following basic purposes, among others:

—To ensure total clarity, subject to the legislators' desires, where exports are concerned, because it covers every economic circuit and because of the system which allows a taxpayer to deduct from the taxes collected those paid up the line, which will even further favor exports; and

—To establish a single tax on the domestic level, with rates varying from one product or department to another, thus facilitating payment.

Where direct taxes are concerned, the current legislation governing the taxing of profits and income involves a diversity of texts, some of which are incorporated in a code, while others are organic laws, and still others, finally, contain legal or regulatory provisions which are not incorporated in the basic texts.

Some aspects of these laws are even governed by French provisions dating back to the era of the protectorate and made applicable in Tunisia by law and by simple reference to the French legislation of the period, without reproducing them in our legislative texts.

In addition, absolutely all income earned by an individual (in trade, the liberal professions, as wages, from real estate or agriculture) is inevitably subject to two taxes. There are, then, two sets of legislation for every income category.

The reform is designed to establish a single tax. We have therefore undertaken to rework the legislation which is dualistic in order to create single tax legislation which will be the same for all income categories.

In other words, the merchant whose income is 2,000 dinars will pay the same tax as a wage earner who receives 2,000 dinars. The principle, therefore, is equal taxes on equal income.

[Question] In his program address, the prime minister announced a reduction in tax pressure of one point, in other words from 21 to 20 percent. How can you explain this?

[Answer] The planned reduction of one point in tax pressure in 1988, in other words from the 4.76 percent in 1987, is enormous in and of itself, and it merits a fair assessment of its value.

This reduction is the result of a number of factors:

1. The reduction in customs duties as of 1 January 1988.
2. The measures adopted within the framework of Law 87-48 dated 2 August 1987, to encourage financial investment in the form of purchase of stocks or capital shares in companies. These measures, added to those already in existence, which will fit together at the time of investment, are to be implemented at the time income is earned from the shares or stocks. Not to mention the reduction in the IRVM-CS rate from 37.5 percent to only 20 percent.
3. The measures introduced in the current finance law in order further to encourage exports and repatriation of the income earned by residents abroad.
4. The establishment of tax credits where income from real estate capital is concerned, within the framework of the current finance law. At the present time, the IRC and the CPE must be paid on such income. Henceforth, the IRC paid will be regarded as an advance on the CPE.
5. And, finally, the introduction of the TVA as of July 1988. This alone will result in a diminution provisionally estimated at more than 450 Mds per year.

#### The General Director of Taxes

Mr Hassan Dachraoui, the general director of taxes, was born in Nebeur on 10 June 1933. He joined the administration in 1961 after completing his secondary studies at the Carnot and Sadiki High Schools and his higher-level studies at the National Tax School in Paris.

Since 5 December last, Mr Hassan Dachraoui has headed the General Tax Administration.

He is the author of a number of publications, including works on "Direct Taxes and Fiscal Contributions," "Tax Accounting," and "Business and Business Taxes." He also completed a study on tax and customs fraud involving equipment goods for the Cooperation Department of the United Nations.

5157

#### Gabes Chemical Complex Doubles Production

45190017b Tunis LE TEMPS in French 18 Dec 87 p 3

[Text] Company conditions in industrial enterprises in the governorate of Gabes, the schedule of activities for 1987 and future prospects were the main topics discussed at a meeting held Wednesday by the governor of

the region and the heads of those enterprises. Participants emphasized the sound economic climate prevailing in the enterprises and the optimism of rank-and-file workers after the change of 7 November, as well as their determination to double their efforts aimed at the progress of the national economy and their concern for placing the country's interests over any other consideration.

In the chemical industry, the fluorine plant has succeeded in producing aluminum fluorine from raw material mined at Hammam Zriba, thus saving Tunisia the 600,000 dinars in foreign exchange it would otherwise

spend importing the product. The Gabes chemical complex increased its production over last year by 100 to 150 percent. Despite competition, production was marketed on the international market.

In addition, the chemical complex will help staff SIAP-2 at Skhira and in the coming months, help train Turkish technicians within the framework of Tunisian-Turkish cooperation. Gabes' industrial and commercial port imported and exported some 2.9 million tons of different products, compared with 2.5 million in 1986.

11464/12913

## AFGHANISTAN

### Private Sector Reportedly Growing With Soviet Assistance

46650006 Kabul HAQIQAT-E ENQELAB-E SAWR in  
Dari 4 Jan 88 pp 1, 3

[Text] Some time ago an agreement was signed between the general director of the Chambers of Commerce and Industries of the Republic of Afghanistan and the Economic Counselor of the Soviet Union Embassy in Kabul, for the construction of 12 industrial projects by the private sector, utilizing 50 million rubles of credit from the Soviet Union. HAQIQAT-E ENQELAB-E SAWR's correspondent had an interview with Mohammad Hakim, general director of the Chambers of Commerce and Industries, which appears below:

For the purpose of the growth and development of the country and in order to meet the needs of the people through production of domestic goods and enhancing their living standards, establishment and construction of small and medium-size industries throughout the country seems to be a necessity. Production of basic tools and commodities which are purchased at high prices by our foreign exchange causes a disparity in the trade balance and at the same time it calls for an uplift and furtherance of the domestic production. In order to improve the status of our domestic industries and taking into consideration the role of our entrepreneurs in enhancing the economy and national industry, an equivalent amount of \$76 million of credit has been put at the disposal of our government, at easy terms, by the friendly country of the Soviet Union. The period for maturity of the loan is 15 years at 3 percent annual interest, payable by the Chambers of Commerce and Industries. Based on the responsibilities delegated to the Chambers of Commerce and Industries, 171 small and medium-size projects which will be carried out in the country by use of the aforementioned credit, will help partially provide some basic needs of the people, while on the other hand it will prevent us from paying high prices for the purchase of foreign goods. And at the same time there will be new job opportunities for some of our countrymen as well. According to the final format of the aforementioned protocol, there were 15 projects which had been on the agenda formerly; furthermore, based on the approval of the project directors, 12 other industrial projects in the area of bakery, confectionary, chocolate-making, building construction and salt purification plant have also been included in the agreement between the Chambers of Commerce and Industries and the Economic Counselor of the Soviet Embassy in Afghanistan. According to the text of the protocol the necessary equipment and fixtures for the projects will be imported and construction of the projects will begin after the sites have been selected.

With regard to the 12 new projects which have been included in the protocol, the general director of the Chambers of Commerce and Industries gave specific description of each as follows:

#### 1. Badakhshan Chocolate-Making Project:

This project will be constructed, as a complete private enterprise, in the industrial park of Kabul at an initial capital of 10 million afghanis and a final capital of 20 million afghanis. The ultimate capacity of this chocolate-manufacturing plant for one-shift on an annual basis is 2 tons of chocolates and cookies. This project will employ 30 people. Construction of this project is a beneficial venture which will prevent direct or indirect import of chocolates and similar other products from England, Germany, Pakistan, Iran and other countries. All the machinery and equipment for this project will be paid for from the 50 million rubles credit from the Soviet Union.

#### 2. Samar Chocolate-Manufacturing Project:

The initial capital for this chocolate-making plant is projected to be around 10 million afghanis while the final capital stands at about 20 million afghanis. It has an annual production capacity of 4,800 tons and it will provide jobs for 80 of our countrymen.

This project will be headquartered in Kabul with favorable domestic and foreign markets. This is a multi-formed enterprise of which the share of the Chambers of Commerce and Industries will be 40 percent with the remaining 60 percent share owned by the private entrepreneurs.

#### 3. Q'ane Confectionary Plant in Herat:

This project will be constructed with an initial capital of 10 million afghanis and a final capital of 20 million afghanis in the city of Herat. It will employ 50 people. The annual capacity of the plant on one-shift basis is about 500 tons. This project is 100 percent private enterprise.

#### 4. Kagar Confectionary Plant in Qandahar:

This project will have an initial capital of 10 million afghanis with a final capital of 20 million afghanis. It will be constructed in the city of Qandahar as a private enterprise and it will employ 20 workers. This plant will have an annual production capacity of 300 tons.

#### 5. Qonduz Joint-Stock Construction Project:

This enterprise will be a developmental project with an initial capital of 5 million afghanis and a final capital of 10 million afghanis. It will be headquartered in Qonduz city. At the beginning of its activities this company will employ 75 people and help in expediting the economic construction base of Qonduz Province and other neighboring provinces. The necessary wherewithals and equipment for this project will be procured through utilization of the 50 million rubles credit from the Soviet Union. This project will be 100 percent private enterprise.



6. Zakhil Joint-Stock Construction Project:

This is a multi-formed construction project with an initial capital of 50 million afghanis and a final capital of 150 million afghanis. This project will be headquartered in the city of Qonduz. Sixty percent of the shares of this project will be owned by private entrepreneurs and the remaining 40 percent shares will belong to the Chambers of Commerce and Industries. This project will begin its activities in the building construction industry and provide jobs for 200 individuals.

7. Maramat Construction Project:

This is a private developmental enterprise with an initial capital of 20 million afghanis and a final capital of 120 million afghanis. This project will provide jobs for 120 people.

8. Alborz-e Ata'e Developmental Construction Project:

This project is also a complete private enterprise with an initial capital of 10 million afghanis and a final capital of 30 million afghanis. This enterprise will provide jobs for 220 individuals.

9. Qonduz Salt Purification Project:

This is a multi-formed project with an initial capital of 20 million afghanis and a final capital of 30 million afghanis. The share of the Chambers of Commerce and Industries in this enterprise will be 40 percent. This project will resolve the needs of the inhabitants of Qonduz from the viewpoint of refined and consumable salt.

10. Mazari Salt Purification Project:

This project will be constructed in the city of Mazar-e Sharif with an initial capital of 12 million afghanis. The annual production capacity of this project will be 5,000 tons of salt. This project will be 100 percent private enterprise and its final capital stands at 25 million afghanis.

11. Zaki Bakery Project:

The initial capital for this project is 5 million afghanis with a final capital of 10 million afghanis. The site/location for this project has not so far been determined by the executive committee which represents the inhabitants of Kabul city. It is planned to construct this project in a busy neighborhood of Kabul. This project is also a private enterprise with a daily production capacity of 3 tons of bread, cakes and cookies.

12. Jabal'Osaraj Bakery Project:

The share of the Chambers of Commerce and Industries in this project is 40 percent while private entrepreneurs will own the remaining 60 percent of this enterprise. The

initial capital for this project is 5 million afghanis, with a final capital of 10 million afghanis. This plant will be built in Jabal'Osaraj. The production capacity of this plant is estimated to be 3 tons of bread in a 24-hour period.

12719/6091

## BANGLADESH

### Ershad Speaks at Machine Tools Factory Celebration

46001257 Dhaka THE BANGLADESH OBSERVER in English 17 Jan 88 pp 1, 8

[Excerpt] President Hussain Muhammad Ershad on Saturday said, political freedom carries little meaning to the people unless it was backed by economic freedom, reports BSS.

Political freedom and economic freedom are synonymous to the people, he said adding, now once we got political freedom, we have no time to waste before earning economic freedom through uninterrupted efforts.

The President was speaking at a function marking the handing over of 100 diesel-run three wheelers manufactured by Bangladeshi technicians with indigenous technology at the Bangladesh Machine Tools Factory (BMTF) at Joydevpur, about 40 kilometers north-east of the capital.

The function was also addressed by Deputy Prime Minister in-charge of Ministry of Industry Moudud Ahmed, Deputy Prime Minister in-charge of Ministry of LGRD and Cooperative and Jatiya Party Secretary General Shah Moazzem Hossain, Industries Secretary K.M. Rabhani and Chairman, Bangladesh Steel and Engineering Corporation Nefaur Rahman.

Ministers, Local Area Commander Major General Nuruddin Khan, diplomats, high officials and a large number of cooperators attended the function.

President Ershad said, the negative politics that we inherited from the colonial days cannot be the political vehicle for advancing development required in an independent developing country. To match up the need of the hour, he said, we needed a qualitative change of our national politics to supplement development, instead of activities blocking the uplift process in the name of politics.

### One Crore Unemployed

In this context, the President said, Bangladesh economy mainly and primarily is dependent on agriculture but this sector is now unable to engage more people and

accommodate the growing population. As a result, today the nation is burdened with one crore unemployed youth who are suffering from a feeling of disgust towards the society.

He said, unless we can create more jobs, unemployment will continue to be a major problem for the society and all our development bids will turn futile. He emphasised, industrialisation on a rapid scale is the only means to create more employment opportunities for these unemployed.

The President said, with that end in view, we designed a liberal industrial policy in 1982 to encourage local initiatives and import of technology from abroad. Moreover, six years of political stability coupled with sustained economic growth also got the attention of foreign capital to invest here.

In this connection, he mentioned the current political movements and said, when as a nation we reached a stage for a big leap forward, these movements were let loose causing great damage to the national economy and the national march for progress what is the purpose behind the axing of our national hopes built up through six-years of unabated development. He queried and added for whose benefit are these movements and who will be benefited out of these. Surely not the country or the people, he asserted.

He regretted that those who were shedding crocodile tears every moment for the country and the people were stirring the politics to disturb the rehabilitation process whereas, he said, the nation expected cooperation and service of the opposition in providing succour to the distressed.

He said, but how could they fail to see that the life of the common man are not affected by any political game and their source of inspiration has been frightened by the pace of development in the country which has threatened shrinking of the market of ten crore people.

This source of inspiration behind the movement desire to see a change in the government to advance their business interest, the President pointed out.

### Three-Wheeler 'Sujon'

President Ershad encouraged the manufacturing of diesel-run three-wheeler "Sujon" by BMTF with 92 per cent locally manufactured components said, it is the beginning of a new era in our engineering capability in the automobile sector. He said, his dream of an industrially developed Bangladesh will soon come true if efforts in this direction continue.

The President said we may be a poor country, but we are not poor in manpower or natural resources. What we need is the will and policy direction which has been provided now.

The President mentioned arrangements with donors to give price preference to Bangladesh products up to 15 per cent of total requirement and said with the diversification of the production base and producing things of quality at cheaper prices, we will be able to further advance our national cause.

/09599

### Irregularities Detected in Government Offices

46001260 Dhaka THE NEW NATION in English  
20 Jan 88 pp 1, 8

[Text] Several cases of gross irregularities have recently been unearthed in various government departments and agencies. The government has, however, been prompt in taking actions against the erring officials.

A Joint Secretary and a Deputy Secretary of the Ministry of Relief and Rehabilitation have been withdrawn and made OSDs for their alleged involvement in irregularities and corruption.

The ministry has constituted an enquiry committee to look into the allegations of corruption. The Ministry has kept in abeyance many schemes approved by the suspended officials. The committee will look into how these schemes were approved.

It was gathered that the officials had sanctioned huge amount of wheat for projects which normally should not have been done.

In another instance, two senior officials of the Capital Development Authority (Rajuk) formerly known as DIT have been put under suspension for their alleged complicity in allotting plots of land at Banani, Gulshan and Baridhara violating set procedures.

A probing committee has also been constituted to look into the cases of corruption and irregularities in Rajuk. The initial probe has unveiled that at least in 11 cases rules were flouted in allotting plots in the posh residential areas in Baridhara, Banani, Gulshan and Uttara. Favours were distributed in lieu of money. The enquiry committee suspects there will be lot more such cases.

Many have complained that it is impossible to get one's work done in Rajuk without paying money. If one sticks to having ones work done through a normal channel one is often confronted by the problem of "missing files." This can be true for persons with influence, a Works Ministry source said.

In yet another instance, Ministry of Food had procured about 800 machines to weigh moisture content in food-grains under a Japanese grant. The machines have been found to be out of order and these have been kept in a store. The machines can never be used again and will eventually be used as junks.

These machines were procured at a cost of Tk. 8 crore.

No action has yet been taken in this particular case.

A senior government official said there have been several instances of corruption in autonomous bodies which make huge cash purchases every year. Money changes hands in exchange of favour. There have been allegations of huge purchases being made without proper tender by these corporations. There have been instances of repeat order under previous tenders. In a corporation a former senior clerk closely connected with the highup in the ministry has been made agent for Soviet machinery that are to be imported soon for BMRS mills under it.

Some autonomous bodies are also flouting government restrictions on recruitment. Dhaka Municipal Corporation has gone one step ahead by recruiting a large number of people without proper public notifications in newspapers about the vacancies. It later advertised the posts but description of services available, qualification for the job, pay and other details were not published.

A senior official of the Establishment Division said the trend in government offices and corporations are ominous and therefore it strengthens the demand for the creation of the post of ombudsman. Ombudsman is a constitutional post. He is entitled to move into any government agency to hold enquiry into an allegation and award judgment.

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#### **Former Supreme Court Justices' Detention Extended**

46001264b Dhaka THE BANGLADESH OBSERVER  
in English 26 Jan 88 p 8

[Text] The former President of Supreme Court Bar, Syed Ishtiaque Ahmed, has been served third time with further order of detention for one month. He was arrested on November 25 under Special Power Act. His period of detention was scheduled to expire on January 24. He was, however, released on parole for four hours to allow him to attend the Janaza of his brother-in-law, Khalid Ibrahim.

It may be recalled that Mr. Shamsul Haque Chowdhury, President of SC Bar is also under detention. The lawyers have been demanding their unconditional release.

/09599

#### **Former Ministers Expelled From Jatiya Party** 46001263 Dhaka THE BANGLADESH OBSERVER in English 25 Jan 88 p 1

[Text] Two Former Ministers Mr. Salahuddin Kader Chowdhury and Mr. Anwar Zahid and former Member of Parliament, Mr. Manzur Morshed have been expelled from the Jatiya Party, it was announced in Dhaka on Sunday, reports BSS.

The JP Secretary-General Shah Moazzem Hossain, in a Press release, said they were expelled for "violation of party discipline and for activities against the party and party constitution and for lowering the image of the party".

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#### **Muslim League Groups Form 'Reunification Committee'**

46001255 Dhaka THE BANGLADESH OBSERVER in  
English 16 Jan 88 p 8

[Text] Four groups of Muslim League formed a "reunification committee" to bring different groups of Muslim League under one banner.

Mr. Kamruzzaman Khan is the convener of the Committee and Mr. Faiz Baksh, Mr. Jamir Ali and Mr. Abu Ali Chowdhury have been made joint conveners of the committee and two members from each group will be taken in the committee, a Press release said.

The leaders of Muslim League (Kamruzzaman group), Muslim League (Huda group), Muslim League (Faiz Baksh group) and Muslim League (Jamir group) had series of meetings before they decided to form the 'reunification committee'.

These four groups of Muslim League believed that holding of free and fair election was the only solution to the present problems in the country. These groups observed that no election would be held under a neutral government. The Muslim League groups hoped that the Cabinet would be dissolved following the dissolution of the Parliament.

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#### **No Progress In Handing Over of Tin-Bigha** 46001254 Dhaka THE NEW NATION in English 7 Jan 88 pp 1, 8

[Article by Matiur Rahman: "Tin-Bigha Transfer Still Uncertain"]

[Text] Handing over Tin Bigha corridor to Bangladesh still remains uncertain despite assurances given to President H.M. Ershad by Indian Prime Minister Rajiv Gandhi during the last SAARC summit in Kathmunda.

Officials circle could not say any progress so far for handing over the tiny corridor that is required very badly to link the two Bangladesh enclaves Dahagram and Angorpota with the mainland.

Indian Prime Minister had assured President Ershad that the corridor would be handed over 'soon' during their last meeting in Kathmundu. But there was no move so far by the Indian side in this regard, it was learnt.

The assurances were also given earlier at the highest level by India when the two leaders had meetings on several occasions.

The Indian Government was learnt to have submitted a writ petition recently to the Indian Supreme Court seeking its verdict on handing over Tin Bigha corridor of Coochbihar district in Indian state of West Bengal to Bangladesh following judgment given by the Calcutta High Court Division Bench. The Division Bench gave its verdict saying that for handing over Tin Bigha, the Indian constitution should be amended.

Earlier, the Calcutta High Court had also given a verdict in favour of handing over the corridor in the context that the two sovereign neighbouring countries had signed the 1974 land boundary agreement with the provision for handing over Tin Bigha in exchange of Berubari to India.

The petitioner after the Calcutta Court verdict had submitted a writ at the High Court Division Bench opposing the handing over of Tin Bigha.

The Indian Supreme Court is yet to give its judgment on the government's writ petition.

Meanwhile, the Indian Government was learnt to have expressed its difficulties for bringing about an amendment of the constitution saying it would require three-fourth majority in parliament.

It may be recalled here that Bangladesh immediately after signing the 1974 land boundary agreement by late Prime Minister Sheikh Mujibur Rahman and late Indian Prime Minister Indira Gandhi had ratified it by its parliament. The Indian side has not yet ratified the agreement for getting sovereign authority for handing over the corridor.

The Indian Government rather mentioned its difficulties for handing over the corridor saying the matter would be settled soon after the judicial matters were over.

The Indian side was learnt to have nearly completed demarcation of boundary along with the two enclaves on the northern tip of Rangpur district.

Bangladesh and India had signed another agreement on handing over Tin Bigha corridor in 1982 during the first visit of President Ershad to Delhi in addition to the 1974 Indo-Bangladesh land boundary accord.

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**Official Says Foreign Power Supports Opposition**  
46001265 Dhaka THE BANGLADESH OBSERVER in English 5 Jan 88 pp 1, 8

[Text] The Deputy Prime Minister and Secretary General of Jatiya Party, Shah Moazzem Hossain on Monday night described the opposition demand for government's resignation as ridiculous and said acceptance of such a demand would never bring political stability in the country, reports BSS.

Addressing the party workers who came to meet him in Dhaka at the party office, he said what the opposition had demanded was "unheard in the history of politics".

Shah Moazzem said there was no provision in the Constitution that a Government should resign if the Opposition demanded so.

Continuing he said "the Jatiya Party can also demand resignation of any existing Government if it (JP) remains in the Opposition at that time. How could there be stability in the Government if the existing Government continues to resign at the Opposition parties' demand" he wanted to know.

The Deputy Prime Minister said that an international power, which is not friendly to Bangladesh, was behind the present movement and was providing support to the Opposition parties.

He said the development-oriented politics of President Ershad had been acclaimed by the general mass of the country and they would once again elect his party in the coming polls.

The DPM said the people of Bangladesh were peace-loving and they would never tolerate anybody to harm the peace and ruin the unhindered pace of development pursued by the present government.

He said the people wanted election and there is already an election fever in the country.

He said it was not headache of the Government or the Jatiya Party to see whether any party or alliance was joining the elections or not. There are a huge number of political parties ready to contest the February polls. It hardly matters whether a handful of parties participate in or abstain from the polls, he added.

The Secretary General said that the Opposition parties realised that they could never get votes from people as they had already been tested in the past.

He said the people of this country had never committed any mistakes in elections, they did not do so in 1946, 1954 and 1970 and they would not do so in the coming elections, he said.

Shah Moazzem said peoples' support could never be any party's monopoly and the 80 per cent of the population are with the government of President Ershad.

He urged the opposition parties and alliances to test their popularity by participating in the coming polls: Election is the only mean to judge one's popularity, he maintained.

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**Results of Alliance Liaison Committee Meeting**  
46001259 Dhaka THE NEW NATION in English  
19 Jan 88 pp 1, 8

[Text] The Liaison Committee of the three alliances has reaffirmed its stand to stay off any election to be held under this Government.

Expressing its reaction to the rescheduling of the election timetable the committee in a meeting held yesterday with BNP leader Maj Gen (retd) Majeed-ul-Huq presiding made it clear once again that the conspiratorial election could not be alternative to resignation of the Government.

A resolution of the meeting said the Government had remained adamant and obstinate to hold the elections by ignoring the national demand for its resignation.

It further said despite categorical rejection of the ensuing election and announcement of an action programme to resist it the Government had shifted the date of election and spread the timetable of filling nominations over four days in an attempt to confuse the people.

The Liaison Committee observed that in fact the resignation of the government was an absolute necessity for holding the desired election and continuing the constitutional process.

It sounded a note of warning that the people would not forgive those would file nomination and take part in electioneering activities and they would be identified as traitors.

It called for making a success the programme for January 20 and 21 and resisting those who would attempt to participate in the election.

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**Political Parties Launch 'Combined Opposition Group'**

46001251 Dhaka THE BANGLADESH OBSERVER in English 3 Jan 88 p 8

[Text] More than 70 political parties, organisations and groups at a joint conference in Dhaka on Saturday decided to work together and launch a "combined opposition group", reports BSS.

All the political parties of the country, excepting 21 including the Awami League, BNP and Jamaat-e-Islami, took part in the conference held at the Sangsad Club.

President Hussain Mohammad Ershad who is Chairman of the Jatiya Party, paid a surprise visit to the conference and addressed it.

Speaking at the conference on behalf of the proposed "combined opposition group", Mr. A.S.M. Abdur Rab, leader of the Jatiya Samajtantrik Dal (JSD), said that the 21 Opposition parties were trying to disrupt the constitutional process and obstructing building of democratic institutions by threatening to boycott the coming polls.

He said it was a constitutional obligation to hold Parliamentary elections within 90 days of the Parliament's dissolution.

Mr. Rab said, "in the face of anarchy being created by 21 parties", different other political parties, organisations and forums had take up the challenge of upholding the constitutional process.

He suggested that the elections to the Jatiya Sangsad and the union councils should be held on the same day to make the polls free and fair and minimise expense.

The JSD leader said the people of the country wanted peace, stability, democracy and keep up with constitutional continuity. It was the duty of the government to hold elections to the Parliament on February 28 as per the schedule announced by the Election Commission.

Mr. Rab further declared that all the patriotic parties would unitedly foil the threats to boycott the elections.

He said the parties which were today identified as the Opposition had failed to play their role as political parties in the same way as they had failed to run the governments when they were in power. The JSD chief said people had lost their confidence on those political parties adding that their political role were also being questioned today.

In a resolution, the conference observed that the three alliances of seven, eight and five parties and the Jamaat-e-Islami were trying to push the country towards anarchy in the name of movement. Their activities were obstructing economic progress and hampering democratic and constitutional process.

The resolution said that in the context of the existing political situation, it had become imperative to organise the "combined opposition group" to take initiative to contest in the parliamentary elections.

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### **National Electronics Committee Holds First Meeting**

46001264 Dhaka THE BANGLADESH OBSERVER in English 26 Jan 88 p 8

[Text] The National Committee on Electronics in its first meeting on Monday suggested formation of an electronics board within 1988 to promote electronic industry in the country, reports BSS.

Presided over by Mr. Mahbubur Rahman, Minister for Education, Science and Technology and Culture, the meeting was held at the conference room of the science and technology division.

The board will be entrusted with necessary power and function to deal with all matters regarding development and improvement of the industry and formulation of policies to promote it.

Addressing the meeting Mr. Mahbubur Rahman, who is also chairman of the National Committee on Electronics said that the government was committed to the development of science and technology in the country and that all efforts would be geared up to develop electronics, the modern branch of science and industry.

The meeting formed three standing committees to assist the national committee in its function till formation of the electronics board.

The committee on research and training will be headed by Prof. Shamsul Huq, member, University Grants Commission, the committee on development and production will be headed by the Secretary, Science and Technology Division and the committee on trade and export will be headed by the Commerce Secretary.

The meeting also suggested establishment of a national institute for electronic research and development to support the industry.

A 13-member national committee on electronics was formed in an interministerial meeting held in April, 1984, and was entrusted with the responsibility to formulate the national policy for the development of electronics, collect information regarding manpower position and to find out was to co-ordinate research and development activities in this field.

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### **Business Group Notes Losses From Work Stoppages**

46001269 Dhaka THE BANGLADESH OBSERVER in English 14 Jan 88 pp 1, 8

[Text] The Bangladesh economy suffered a loss of Taka 850 crores during 17 days of work stoppages in November and December last year.

The loss to the national economy was computed by the Metropolitan Chamber of Commerce and Industry released in Dhaka on Wednesday.

Expressing grave concern over the present state of the Bangladesh economy, the Metropolitan Chamber said the loss to the Bangladesh economy is staggering in terms of gross domestic product (GDP). The loss is about 1.7 per cent in only two months.

According to the MCCI survey, the Bangladesh Economy lost about 3.16 per cent of GDP due to the damage by recent floods. The total loss in GDP this year thus stands at 4.86 per cent of the GDP due to floods and political turmoil. And 4.86 per cent is more than a normal year's GDP growth of the economy.

The MCCI survey said the Bangladesh economy has retrograded by more than one year due to recent floods and political instability. If this trend continues in the coming months, the MCCI warned, the economy will slide by many more years.

Terming the Government's estimate of loss at Taka 150 crore a day as overestimated, the MCCI said such a calculation is faulty as agriculture and most of the unorganised economic sectors do not come under the purview of political programmes. The MCCI has estimated the per day loss at Taka 50 crore. The Government might have driven the figure of Taka 150 crore by dividing the country's total national income by the number of yearly working days, the MCCI survey said.

During November and December, 1987 the mills and factories of the country lost 17 working days out of a total of 51 working days. The total working hours lost in two months were 232 hours.

The industrial sector which was seriously affected during the unusual period and other political programmes in November and December lost 15 crore man hours. The major industries in the organised sector ran for 42 crore man hours out of 57 crore man hours. The most affected industries were readymade garments, frozen food, jute, cigarettes, leather. The major industries covered by MCCI survey incurred a production loss of about Taka 345 crore due to political programmes during the period under report. The export industries, according to Government source, lost export worth Taka 250 crore. The government estimate is in low side, the MCCI survey observed.

The 700 units of garment industries suffered a production loss of about Taka 200 crore. The indicated loss does not include huge loss which will have to be incurred due to cancellation of many orders by the buyers following inordinate delay in reaching the import consignments to overseas importers including the United States. It appears that the industry will not be able to fulfill the US quota within the stipulated time. Rumours are that many important buyers in USA are seriously thinking of shifting their business to some other countries. If the political turmoil continues, the garments units will not be able to continue production and export programmes.

Production in frozen food industries was down by 60 per cent during November and December. The frozen food industries lost Taka 45 crore. The normal production value of the frozen food industries for normal two months is Taka 75 crore. In next two months, production will be impeded due to huge stockpiles. The total loss then will stand at Taka 60 crore.

The jute mills suffered a production loss of Taka 30 crore in November and December due to political programmes and the production was 16,429 metric tons lower than normal level of 94,576 metric tons.

Production in the textile mills was badly affected by political turmoil. Sales have gone down by about 30 per cent stockpile went up due to low-lifting from the mills.

The political unrest in November and December last year caused widespread scare among the prospective investors—both local and foreign. A series of visits by foreign trade economic missions were put off during those two months due to the turmoil.

The visit of Overseas Private Investment Corporation (OPIC) delegation of the United States, earlier scheduled for the first week of December for exploring investment opportunities in Bangladesh had been postponed. Similarly, holding of an investors forum in Dhaka in the first quarter of 1988 with participation of European investors is also likely to be postponed. A series of visits by the donors including the World Bank President and a number of WB, IDA and IMF missions were also cancelled due to the political turmoil. Cancellation of such visits by the donors are likely to have an adverse impact on aid disbursement and financing for the industrial investment.

At such trend, if the political problems are not resolved at the earliest and industrial climate continues to remain inclement, many units will find it difficult to survive, thousands of workers will lose their employment and the country's economy will further face crisis, the MCCI survey noted.

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### No Results Seen From Water-Sharing Talks With India

46001261 Dhaka *THE NEW NATION* in English  
24 Jan 88 pp 1, 8

[Article by Matiur Rahman: "JRC Yet To Devise Sharing Formula"]

[Text] The joint committee of experts formed in 1985 by Bangladesh and India to devise a formula for sharing the waters of the common rivers including the Ganges is yet to produce any positive result.

The committee was asked to accomplish its 'urgent' task within one year but it has failed to do so even in the time extended twice by six months. The time has again been extended by another year upto November this year.

The committee comprising experts from both the countries is likely to meet again in February to take up the issue. The two governments are in touch with each other for fixing the date for the next meeting in Delhi. The last meeting was held in Dhaka.

According to reliable sources, Bangladesh is waiting for an 'outline paper' from India about making tripartite efforts with the inclusion of Nepal the upper riparian country, for finding a permanent sharing of the Ganges waters. India is also committed to sending the outline paper to Nepal in preparation for the meeting.

A team of officials from Bangladesh and India visited Kathmandu in late 1986 for talks with the Nepalese side for inclusion of the Himalayan kingdom.

Meanwhile, the memorandum of understanding reached in 1982 between Bangladesh and India for sharing of the Ganges waters remains valid till November this year.

The February meeting in Delhi is also expected to take up the issue of sharing the Teesta river waters as the ad-hoc arrangement reached in 1983 expired in December. The Indian government has completed construction of its barrage over the Teesta and is likely to commission it in the near future.

The Teesta sharing formula stipulated 36 percent of water for Bangladesh, 39 percent for India and the rest 25 percent as reserve. The two sides were to sign an agreement to this effect. The signing did not take place as the two sides could not work out the point at which the sharing would be made and also the period for which the sharing would continue.

This ad-hoc sharing arrangement was also extended several times and ultimately expired in December without further extension.

India is learnt to have completed construction of its barrage over another common border river Gumti while construction is going on of two more barrages over the common rivers Khowai and Monu.

The Joint Committee of Experts working under the fold of the Indo-Bangladesh Joint Rivers Commission is expected to take up all these matters when it meets in Delhi.

The Joint Rivers Commission has taken up nine of the 54 common border rivers for sharing waters. Ever since its inception in 1972, the JRC has not been able to resolve even a single issue of either sharing waters of any river or settling disputes like construction of groynes in the border river Muhuri.

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### **Opposition Party Leaderships Hold Meetings**

#### **Freedom Party Leaders**

46001268 Dhaka *THE NEW NATION* in English  
9 Jan 88 pp 1, 8

[Text] The central executive committee and the central advisory council of Freedom Party at a joint meeting called for national consensus to arrest heterioration of the overall situation in the country, reports BSS.

The leaders of the Freedom Party expressed their 'deep concern' over what they said a state of 'confrontation' and restless condition created in the political, economic and social spheres centering the election issue and the demand for changing the government and amending the constitution of the country. They maintained that the result of any attempt at achieving any objective through violence disturbing the constitutional method and neglecting the established political process would neither be happy nor lasting. They said all parties concerned whether in the government or opposition should remember that the people only had the right to give verdict on the framework of the constitution to be acceptable to all.

The joint meeting suggested several measures to create congenial atmosphere for holding election in the country.

The meeting was presided over by Col (rtd) Syed Faruk Rahman, chairman of the party.

#### **Jatiya Oikyo Front**

46001268 Dhaka *THE NEW NATION* in English  
16 Jan 88 pp 1, 8

[Text] The Jatiya Oikyo Front, led by former President Khandaker Mushtaque Ahmed, has said that the current political crisis in the country could be resolved only through national elections free from Government influence.

The front at a meeting held at Khandaker Mushtaque's residence on Thursday took a number of resolutions and demanded cancellation of the last presidential polls on the same ground on which parliament was dissolved withdrawal of emergency and restrictions on newspapers and meetings and rallies and release of political prisoner.

The meeting observed that the front had in the past demanded free and fair elections and stayed off the 1986 polls which saw the parliament seats "distributed in advance under a pre-arranged game and voterless elections for presidency creating the present crisis.

The front urged all democratic forces upholding Islamic principles, opposed to forces of aggression and believing in independence and sovereignty to unite for establishing a representative government.

#### **JSD(Inu) National Committee**

46001268 Dhaka *THE NEW NATION* in English  
16 Jan 88 pp 1, 8

[Text] The national committee of JSD(Inu) on Thursday ended its two-day meeting urging the two major opposition leaders, Begum Khaleda Zia and Sheikh Hasina, to appear at one platform and lead joint-processions to ensure victory of the current movement.

In a resolution, the meeting said that the three major opposition alliances must preserve their unity and prepare a joint programme for waging a continuous movement.

It also called for formation of central 'sangram parishads' (action committees), combining representatives of all professional groups to coordinate their movement. The unity which grew out of democratic movement must be preserved and maintained to press for resignation of the government and put an end to the possibility of resurrection of conspirators," it observed.

The JSD national committee further noted that the unity should also be expanded to cover the "election and formation of government as well."

It demanded release of Five-Party alliance leaders Nirmal Sen, Kazi Aref Amed, Sharif Nurul Ambia and other political prisoners. The meeting was presided over by Advocate Abul Azad.

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### **INDIA**

#### **CPI-M Chief Defends Communist Role in Freedom Movement**

46001275 New Delhi *PATRIOT* in English  
24 Jan 88 p 6

[Passage in italics as published]

[Text] Demolishing the BJP charge of Communist betrayal of the national freedom movement, veteran Communist leader E M S Namboodiripad has asserted



that the Communist Party of India was an "inseparable" part of the movement. Moreover, it contributed two important factors to the movement which the right-wing leadership of the national movement could not, he has stated.

Writing in *'People's Democracy'*, the CPI-M general secretary has explained the undivided CPI's role in the freedom movement and Left politics today while exposing the BJP for playing the kind of politics that led to what Mahatma Gandhi called the "vivisection of India".

Mr Namboodiripad's article counters that the recent outbursts of the BJP against the Communist parties in the wake of its increasing isolation from the Opposition mainstream. This has come about as a result of the Left parties' resolute stand against the involvement of communal forces in the current Opposition campaign against the Rajiv Gandhi government.

The decision of the present Government to offer 'Samman' pensions to three CPI-M politburo members, Mr Namboodiripad, Mr B T Ranadive and Mr Samar Mukhejee, refutes the charge of betrayal. Samman pensions are given to prominent freedom fighters who did not apply for pensions. The CPI-M leaders declined the offer stating to the Government that it is not the practice of party members to accept such pensions.

Thus, "the BJP view is rejected by the very organisation (Congress) which is supposed to have been 'betrayed' by the Communists", Mr Namboodiripad points out.

A significant contribution made by the CPI and other Leftists during the freedom movement was the objective of "emancipation of the toiling people (workers and peasants above all) from economic and social exploitation", which it added to the goal of winning political freedom from foreign rule.

The second contribution Mr Namboodiripad relates, was the integration of the Indian struggle with the "world people's struggle for socialism which at that moment was acquiring the form of the anti-fascist struggle. The indivisibility of the worldwide struggle against fascism and the anti-imperialist struggle of the colonial peoples was the message of the Communist International".

Admitting that Communists committed mistakes during the days of the freedom movement, the CPI-M leader explains that "the undivided Communist Party of India self-criticised itself later for failing to take into account the genuine anti-imperialist sentiments of the Indian people which found expression in the 'Quit India' movement."

However, the right-wing leadership of the Congress representing the bourgeois-landlord sections, took the struggle in a direction which saw the division of the country. This "broke the hearts of all sensitive Indians,

the tallest of whom (Mahatma Gandhi) was done to death by a member of the semi-fascist organisation which is the spiritual guide and leader of the BJP".

Mr Namboodiripad asks if the BJP leaders have any sense of shame in hailing Mahatma Gandhi as the leader of the Quit India movement, which was allegedly "betrayed" by the Communists, while wanting people to forget that it was one of their hatchetmen who assassinated the Mahatma.

Describing the BJP as the "most determined all-India party" which plays casteist, communal and divisive politics, the Communist veteran states that it is this kind of politics that has shattered the "cherished dreams for which millions of Indian people threw themselves into the freedom struggle".

In stark contrast, the Communists "have succeeded, as yet to a very small extent, in creating a political force based on the toiling people and not relying on (rather fighting) all the divisive forces".

"It is our determined struggle against the anti-democratic and authoritarian Government on the one hand, and the divisive forces of various kinds on the other, that has made us (Communists and Left allies) a key factor of which reactionary and communal forces like the RSS and the BJP are so incensed", he concludes.

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#### **FRG Reported To Violate Secrecy Pact With India**

46001277 Madras *THE HINDU* in English  
24 Jan 88 p 2

[Text] Bonn, Jan. 23. There are "firm clues" that West Germany's secrecy agreement with India was violated by the illegal supply of submarine construction plans and material to South Africa by the Howaldtswerke Deutsche Weret (HDW) shipyard in Kiel, Mr. Norbert Gansel, a leading West German opposition politician, has claimed. He was participating in a special Bundestag (lower house) debate on the clandestine supply of submarine blueprints and material to South Africa by the HDW and an associated marine engineering group (Ingenieurkontor Luebeck) yesterday.

Mr. Gansel, the Social Democratic Party spokesman in the parliamentary inquiry committee investigating the affair, told the House that he had no concrete indications whether South Africa was given State secrets which could endanger the external security of West Germany. But, he said, there are "firm clues that the secrecy agreement with India is violated."

According to this agreement, documents concerning the Indian submarines classified "secret" are protected under the criminal law just like the corresponding German secrets, Mr. Gansel said.

"I find it is astonishing that the Federal Government has not supplied the prosecutor's office in Kiel with the secrecy agreement even though the prosecutor's office had demanded that in a letter dated October 16, 1987." The prosecutor's office therefore could not take a decision on whether it should start investigations. To start an investigation, the prosecutor's office also needed an authorisation from the Government, Mr. Gansel said.

The Bundestag debate was held on a request by the Greens party which claimed that an earlier investigation into the deal with South Africa by the Chief Finance Authorities of the State Schleswig Holstein in Kiel was not carried out correctly.

The West German Finance Minister, Mr. Gerhard Stoltenberg, and representatives of the ruling Christian Democratic Party and Christian Social Union strongly refuted the charges made by the Opposition parties and accused them of exploiting the submarine affair for election purposes.

Mr. Gansel told the House that the inquiry committee must investigate to whom South Africa had paid 2.5 million marks in kickbacks for the part of the submarine deal which had materialised before the Government intervened to stop it.—UNI

/09599

**India, France Exchange Notes on Afghan Problem**  
46001284 Madras *THE HINDU* in English  
28 Jan 88 p 9

[Article by K. K. Katyal, passages in boldface as published: "India, France Exchange Notes on Afghan Problem"]

[Text] New Delhi, Jan. 27. A settlement of Afghan problem, including the ticklish issues of the shape and composition of the interim set-up, is not considered impossible by Mr. Jean-Francois Deniau, special envoy of the French Prime Minister, Mr. Chirac, now here.

Mr. Deniau called on the Prime Minister, Mr. Rajiv Gandhi today. He held two rounds of talks with the Minister of State for External Affairs, Mr. Natwar Singh.

With impeccable credentials as an expert on Afghanistan—a former Minister and now a free-lance journalist—Mr. Deniau was commissioned by Mr. Chirac to visit the countries relevant to the developments in Afghanistan. He has already been to the Soviet Union, the U.S., China, Pakistan and Italy (to meet the former king of Afghanistan, Zahir Shah, living in exile in Rome). His talks here were significant considering the recent initiatives by India in establishing contacts with various sections of the Afghan opinion—the Kabul

regime, Mujahideen groups, prominent intellectuals living in western Europe—to find a way out of the present crisis. Mr. Deniau and Mr. Natwar Singh had a lot to exchange notes on.

**Little confusion:** What transpired in their talks was not known except the general points of agreed assessment that there were bright prospects for a settlement in the current year though the difficulties and obstacles had not minimised. But, there was little confusion about the broad purpose of the discussions held here and elsewhere both by the representatives of India and France—installation of a credible interim set-up, acceptable to all sections. One of the proposals thrown up in these exercises in the past envisaged a coalition, including the representatives of the resistance movement. The Afghan president, Dr. Najibullah, had made known his intention to step down from office to facilitate the transition but his party, the People's Democratic Party of Pakistan (PDPA) would not give up its claims.

On the other side of the fence, the resistance leaders were not prepared to have any truck with the PDPA or associate with it in the interim set-up. The current moves were intended to identify a set of persons both from among the PDPA and the resistance organisations with a good acceptability rating.

**'Austrian model' suggested:** As regards the external policies of the new 'independent, non-aligned' Afghanistan, the European Council of 12 countries had suggested in December last year the Austrian model of neutrality, with suitable guarantees by the superpowers.

France which was a party to that declaration, later called for (1) withdrawal of Soviet troops from Afghanistan in 1988 according to a fixed calendar; (2) agreement of the Soviet Union to a transitory arrangement, the independent of which cannot be questioned, to take steps to draft a new constitution and organise elections, and (3) recognition by Moscow that participation of the 'whole Afghan resistance' in the transitional arrangements is indispensable.

Mr. Deniau began his mission some nine months ago but had not contacted, during this period the Kabul Government—obviously because of the detention of a French journalist, Mr. Alain Guillo in Afghanistan.

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**Moves Toward Afghanistan Subject To Ridicule**  
46001270 Bombay *THE TIMES OF INDIA* in English  
25 Jan 88 p 8

[Editorial, passages in italics as published: "Unseemly Precipitation"]

[Text] Nothing would expose the country's relations with the outside world to greater ridicule than a sudden attempt by New Delhi to seek a mediatory role for itself

in the search for a political settlement in Afghanistan. That this danger may be just round the corner was first suggested by officially inspired reports that Indian diplomatic missions in certain West Asian and western capitals had opened channels of communications with refugee groups who are hostile to the Marxist regime in Kabul and even with Zahir Shah, Afghanistan's former King living in exile in Rome. Now a report in the *New York Times* quotes diplomats in New Delhi as saying that Mr Rajiv Gandhi has expressed his displeasure to Afghan leaders over their "unwillingness to yield some power to the guerrillas". Both the timing and the nature of these moves is open to question. It can be assumed that South Block began to try to open a dialogue with the rebel groups and distancing itself from the Kabul regime, once it was clear that the Soviets were determined to pull out of Afghanistan, even at the cost of leaving their "friends" in the lurch. This desire appears to have gathered strength in recent weeks, in view of the casualties suffered by the Soviet and Afghan government troops, the widening opposition to the military involvement in the Soviet Union itself, the Kabul regime's limited success in expanding its power base and the political and military achievements of the rebel groups. But how do these developments entitle India to a role in the conflict?

It is to the credit of the Gorbachov leadership that, unlike the Americans, who persisted in their bloody course in Vietnam despite the failure of its efforts, Moscow has started to take decisive steps to extricate itself from the Afghan quagmire. Against this background it is, on the face of it, logical for New Delhi to wish to redefine its attitude towards the present Kabul regime. But it is just not possible for it to win influence among the rebel groups. Why would they be interested in a dialogue with India at this stage, when the withdrawal of Soviet troops is clearly on the cards? Indeed, if the report in the *New York Times* is accurate, New Delhi would have forfeited the goodwill of the Marxists in Kabul, without a commensurate gain on the other side. In view of its relations with the Soviet Union, this country has had not much choice in the matter. In effect, it had to back what has turned out to be the wrong horse in Afghanistan. But that is unavoidable in international relations. India will naturally take time to gain the confidence of whoever eventually comes to rule in Kabul, but it may also be a long time before anything like an authority emerges in Kabul. Mr Rajiv Gandhi can afford to leave Afghanistan severely alone and concentrate on Sri Lanka where Indian troops, prestige and interests are deeply and heavily involved.

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#### **Details of 'Kidnap' of Indian Fishermen**

46001272 *Calcutta THE STATESMAN in English*  
23 Jan 88 p 9

[Text] Valsad, Jan. 22—As many as 144 Indian fishermen aboard 18 country craft were allegedly kidnapped

by Pakistani marine security personnel recently, who played a "dirty trick" to catch them off-guard, reports PTI.

The Gujarat Vahanvata and Machhimar Sangh president Mr Lallubhai Punamchand Tandel, said he has received a message here from Okha, giving details of the "well-planned" operation.

On January 5, a Pakistani boat with about 30 armed personnel "illegally" entered Indian territorial waters between Jakhau and Okha in the Gulf of Kutch and caught unawares one of the 18 craft. They then hoisted the "SOS" signal (white flag) atop the captured craft to lure other craft in the area.

Seeing the SOS, 17 other crafts rushed towards the captured craft to render help. When they reached the spot, they were taken by surprise by the Pakistanis. However, some fishermen in four crafts managed to escape, the message said.

The whereabouts and the fate of the 144 fishermen was not known, the message said.

The sangh chief has urged the Gujarat Chief Minister, Mr Amarsinh Chaudhary, to request the Prime Minister to intervene in the matter and ensure the early release of the fishermen. In a letter to Mr Chaudhary, Mr Tandel said of late, such incidents had become frequent, sending "shock waves" right upto the Goa coast.

Fishermen from Goa and South Gujarat coasts, who earlier used to go to the Gulf of Kutch for a good catch, had stopped venturing into the area he said, adding that if this type of thing continued, "It would break the backbone of the coastal economy".

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**Government Scraps World Bank 'Poverty Project'**  
46001273 *Bombay THE TIMES OF INDIA in English*  
23 Jan 88 p 1

[Article by Bharat Bhushan: "World Bank 'Poverty Project': R.I.P."]

[Text] New Delhi, Jan. 22. The controversial "poverty project", which was to be funded to the tune of more than a crore of rupees by a World Bank-led consortium of donors, has been scrapped by the Union government.

The project involved qualitative and quantitative research on poverty and poverty alleviation programmes. The World Bank had committed U.S. dollars 1.5 lakhs to the project while the other donors had promised a contribution of 7.7 lakh dollars.

The chief of mission of the World Bank in New Delhi, Mr E. Bevan Waide, has written to donor agencies that, "following an internal review, the government of India

(department of economic affairs) has indicated to the bank that it is no longer seeking support for this exercise (i.e., poverty studies) from the bank or from consortium members" and that the funds they had promised for the project "will thus no longer be needed by the government of India."

Research on poverty in India is now to proceed using local resources. An advisory committee, chaired by Prof D. T. Lakdawala, an eminent scholar in the field of poverty studies, has been appointed to see how best such research can be conducted. A representative of the Union ministry of finance will be secretary to the advisory committee.

The project, which had been earlier approved by the department of economic affairs (DEA) of the Union finance ministry, was to be carried out by a Delhi-based private consultancy organisation, the policy group. The members of the group largely consisted of ex-World Bank employees or consultants who are better known in the country for their work on election forecasting on television and on cricket statistics.

According to some economists who objected to the manner in which the World Bank seemed to be leading the Indian government by the nose, the policy group had jockeyed itself in position well in advance to see that the total project grant was channelised through it.

These economists objected to a relatively unknown group of consultants being given such a large project which might in effect change the parameters of the debate on poverty and poverty alleviation programme in India.

No such need, according to them, had been demonstrated either by the government or by the World Bank. It was claimed that the selection of the policy group was part of the "old boy network of the World Bank operating in the DEA."

The policy group, in order to bolster its claim to conduct the largest-ever poverty research project in the country, had misused the names of eminent researchers in the field. Prof B. S. Minhas of the Indian Statistical Institute, Prof Suresh Tendulkar of the Delhi School of Economics and Prof A. Vaidynathan of the Madras institute of development studies claimed that their names had been associated with the project as advisers and researchers either without seeking their permission or even when they had categorically refused to associate themselves with the policy group.

Once these economists criticised in public what they saw as the emergence of a research "cartel" on poverty studies, some of the donor countries threatened to withdraw their support to the project and consequently to the policy group. Some of them, it is learnt, also saw merit in

the argument that such large-scale foreign funding may be counter-productive and may end up marginalising original and imaginative research on poverty being conducted in the country.

This, however, did not include the World Bank, which, in fact, had initiated the project informally. Indeed, the World Bank still wants to go ahead with its own research on poverty in India.

In his letter of January 5, 1988, to the donor agencies, Mr Waide, in fact, states categorically that "the bank for its part is stepping up its own analyses and plans to devote its country economic memorandum (CEM) in 1989 largely to poverty alleviation: the work is being led in this office by Samuel Lieberman working under the general direction of James Hanson."

It is now clear, however, that the World Bank is unlikely to commission work on poverty from Indian researchers—at least not on the scale contemplated earlier.

#### Soliciting Help

Interestingly, the man who claimed credit for initiating the original Indian "poverty project" in the World Bank, Mr Willem C. F. Bussink has also a similar project going in India. Mr Bussink now belongs to a self-styled "Delhi-based Dutch organisation" called "India: living standards improvement studies project."

This organisation has also been soliciting help from Indian researchers on poverty. In a letter signed by one Ms Doris Canter Visscher, project consultant, research organisations working on poverty studies are being asked to contribute to their study.

The terms of reference of the study are virtually the same as that of the "poverty project." Indian economists are at a loss to explain this sudden spurt in interest in poverty in India among so many donor agencies and foreign researchers.

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**Midterm Appraisal of Seventh Plan Discussed**  
46001286 Bombay *THE TIMES OF INDIA* in English  
25 Jan 88 p 9

[Text] New Delhi, January 24 (UNI). The Indian economy has to grow at a much faster rate during the remaining two years of the seventh plan to achieve the targets, according to a mid-term appraisal of the seventh plan by the Federation of Indian Chambers of Commerce and Industry.

The appraisal was discussed at a meeting here of the FICCI executive committee presided over by its president, Mr K. S. G. Haja Shareef.

Mr Shareef said that the GDP (gross domestic product) has to grow at an annual average rate of 6.5 per cent during 1988-89 and 1989-90, to achieve the targeted five per cent growth rate in GDP during the plan. This was necessary because the average growth rate during the first three years of the plan would be around four per cent only.

To achieve the target of savings and investment of the plan, the real savings, Mr Shareef said, would have to grow by about 13 per cent per annum in 1988-89 and 1989-90.

If it fails to reach the target, the savings-investment gap will have to be made through foreign investments. The rate of savings and investments in the first three years, according to the appraisal, would be lower than the plan target.

The output of the agricultural sector remains virtually stagnant in the first two years of the plan. It is likely to fall by eight per cent during the current year, mainly because of the drought. Thus by the end of the third year, agricultural production will be 6.6 per cent below the base-year level.

To achieve the plan targets, foodgrains production will have to be increased from the base-level of 150 million tonnes in the next two years. Production of oilseeds will also have to be stepped up from the pre-drought level of 13 million tonnes to 18 million tonnes in 1989-90.

Agricultural production on the whole has to be raised at an annual rate of eight per cent over the pre-drought level during the remaining years of the plan.

The industrial growth rate, the FICCI president said, so far has been satisfactory—actual achievement being almost in line with the target. However, this has been true only in respect of gross output. In terms of value added the growth rate may be less than what has been anticipated in the plan document.

The major growth industries, such as electronics and automobiles, are dependent to a large extent on imported components and spare parts. As the exchange rate of the rupee depreciated heavily in respect of the Japanese yen, it is likely that value-added growth would be much less than the targets.

In the first two years, the trade deficit on current prices increased from Rs 5,390 crores in 1984-85 to Rs 7,531 crores in 1986-87. In real terms adverse balance of trade has deteriorated further than what has been projected in the plan.

The export performance has been rather poor compared to the targets set out. Although at current prices, it has been increasing at about seven per cent annually during the first two years, in real terms it has declined at an annual rate of 9.2 per cent.

To achieve the target of 6.8 per cent growth rate in real export, it is necessary to achieve an export growth rate of 30 per cent at current prices in the next two years. In imports also, the real rate of growth has been only two per cent, against the target of 5.8 per cent.

Mr Shareef suggested that a sluggish capital market should be put back on the rails to enable it to generate resource anticipated in the plan. The dividends paid by the companies, and which have already borne tax, should be exempted from a second tax in the hands of shareholders.

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**Dissident Gurkha's Statement on Ghising Talks**  
46001271 Calcutta THE TELEGRAPH in English  
23 Jan 88 p 1

[Article by Keshav Pradhan, quotation marks as published: "Dissidents Challenge Ghising"]

[Text] Darjeeling, Jan, 22: Even as the GNLF president, Mr Subhas Ghising, and his associates were preparing to leave for New Delhi for talks with the Centre, the party's dissident group in a statement today said the Gorkha leader "does not solely represent the aspirations of the Gorkhas of the Darjeeling hill areas."

After a meeting with senior party leaders today, Mr Ghising selected five more delegates for the 15-member GNLF team that includes 10 women.

The original strength of the delegation was 13. All the 10 members that went to Delhi in earlier delegations including the Darjeeling unit general secretary, Mr R.K. Pradhan, have been dropped. The party leadership, however, gave no reason for Mr Pradhan's omission.

The prominent leaders, who had accompanied Mr Ghising earlier in talks with the Centre and who do not figure in the present GNLF list are the party vice-president, Mr B.B. Gurung, the secretary-general, Mr Keshav Lama, Mr G.M. Muktan and the militant GNLF leader from Kalimpong, Mr C.K. Pradhan. The other militant leaders who have not been included in the team are Mr Ramaprasad Waiba of Mirik and Mr Chiten Sherpa of Manebhanjang. These two leaders are suspected to be involved in the attack on DIG, Darjeeling Range, Mr R.K. Handa, on December 10.

In a statement, the former chief of the GNLF confidential cell, Mr Lakpa Dong, charged "Subhas Ghising and his lumpen elements" with "gagging" hill organisations like the Pranta Parishad, the All India Gorkha League, the Congress(I) the Nepali Bhasa Samity, the Bar Association and the Study Forum. He said "Justice will be meted out to the entire Gorkha community if all organisations participate in the negotiations."

"Disowning Mr Ghising as "the sole representative of the Gorkhas," Mr Dong said, "If Subhas Ghising is accepted as the sole representative then the fascist forces will take over shattering the entire fabric of the society of simple, honest, hardworking and loyal Gorkhas."

Copies of the statement have been sent to, among others the Prime Minister Mr Rajiv Gandhi, the Union home minister, Mr Buta Singh, the state chief minister, Mr Jyoti Basu and the governor of Punjab, Mr S.S. Ray, Mr Dong said.

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### **Third Kilo-Class Submarine Arrives From Soviet Union**

46001278 *Madras THE HINDU in English*  
25 Jan 88 p 1

[Text] New Delhi, Jan. 24—The third kilo class submarine has arrived from the Soviet Union raising the strength of the Indian naval submarine fleet to 13.

The submarine christened INS Sindhu Raj is specially built for long range patrols. The advanced technology tear-drop hull submarine represents a quantum jump for the Indian Navy.

Official sources said it would require imagination, skill and courage to deploy such submarines optimally in maritime defence.

The Soviets have incorporated the state-of-the-art technology into the kilo class submarines. Their wide-bodied hull would muffle engine noises and make detection by others difficult. It has the capability of firing different types of torpedoes. The torpedo tubes of the submarines have been modified to suit Indian Navy's requirements.

The Soviets had supplied the first kilo class submarine, INS Sindhu Ghosh, on September 17, 1986, the second submarine, INS Sindhu Dhvaj, came a few months after.

The Indian Navy already has eight Soviet-supplied Fox-trot class submarines and two SSK class submarines supplied by the West German Shipyard, HDW.—UNI

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### **Military Participation in Republic Day Parades**

#### **New Delhi, Calcutta Parades**

46001276 *Calcutta THE STATESMAN in English*  
28 Jan 88 p 9

[Passage in boldface as published]

[Text] New Delhi, Jan. 27— Put on a full alert by intelligence reports of a possible terrorist strike during Republic Day celebrations, security forces left nothing to eliminate even a hint of a threat at yesterday's morning parade says PTI.

Apart from the door-frame and hand-held metal detectors, which have now become synonymous with VIP presence, invitees were frisked and all cars checked for bombs and explosives with reflectors.

The enclosures near the saluting base were ringed with police men, who put up nylon ropes inside the arenas to restrict movement.

It was perhaps only the children who got the better of the security personnel and insisted that the nylon ropes in the Press enclosure be lifted for their amusement, much to the chagrin of the helpless cops.

The President, Mr R. Venkataraman, who took the salute, the Sri Lankan president, Mr Junius Jayewardene, this year's guest of honour, the Prime Minister, Mr Rajiv Gandhi, headed the multitudes who had turned out to celebrate the anniversary of India's declaration of a sovereign, democratic republic.

For the first time on the Rajpath was driven the pride of India's armored corps—the main battle tank, Arjun—which has been developed by scientists at the Defence Research and Development Organization. Another first at the parade was the 105-mm light field guns, with low-angle capabilities and a range of more than 17 km.

In Bangalore, the Action Committee against Hindi Imperialism observed the day as "black day" to protest against the Centre's "pro-Hindi" policy.

Committee members took out a procession demanding that Kannada be accorded equal status with Hindi.

**A Staff Reporter** adds: Republic Day was celebrated in Calcutta through processions, meetings and seminars. The Indian tri-colour flew from many rooftops and local clubs played patriotic songs over loudspeakers besides hoisting the national flag at street corners. The day was observed by political parties and other institutions too.

The main attraction was the combined parade on Red Road reviewed by the Governor, Mr Nurul Hasan.

For the first time, the infantry combat vehicle, an asset for the mechanized infantry units, took part in the parade. There were the amphibious PT-76 tanks, which saw action during the war in 1971, and T-55 tanks mounted on special transporters.

The contingents of the Artillery Regiment displayed the indigenously-manufactured 105-mm field gun. The Engineers Regiment displayed trench diggers, bull-dozers and mine-detectors and other equipment. The marching columns were drawn from the Bihar Regiment, the Jammu and Kashmir Light Infantry, the Forest Gorkha Rifles, the Indian Navy and Air Force, the Territorial Army and the National Cadet Corps. A large number of school children also took part in the colourful march past.

Mr Nurul Hasan, in his address to the people of the State, hoped that the establishment of the proposed Hill Council would resolve the crisis in the hills of Darjeeling.

### More Details on Arjun Tank

Madras *THE HINDU* in English 24 Jan 88 p 1

[Text] A prototype of the Arjun, the main battle tank for the Indian Army in the 1990s, leads the full dress rehearsal for the Republic Day Parade. This will be the first public unveiling of the approximately 55-tonne tank. Later this year or early next year, the first pre-production models of the tank are likely to be fielded by a squadron of the Armoured Corps. The Arjun, which is currently powered by an MTU interim engine, is fitted with an 120mm. gun indigenously developed and is protected by the laminated armour 'Kanchan'. The tank has a powerful engine giving it tremendous battlefield mobility which will be a must for the combat environment of the 1990s. The laser range-finder of the tank is integrated with both day and night sights and its ballistic computer is considered to be on par with the best systems in the world. The tank is the pride of the Defence Research and Development Organisation and the responsibility for the programme rests with its Combat Vehicles Research and Development Establishment at Avadi, Madras.

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### Army Occupies New Areas Along Tripura Border

46001285 Bombay *THE TIMES OF INDIA* in English 28 Jan 88 p 1

[Text] Agartala, Jan. 27 (PTI). The army will shortly take over fresh areas declared disturbed along Tripura's border with the Chittagong hill tracts in Bangladesh in addition to the existing five-km belt.

It will launch a vigorous offensive against the TNV extremists who have killed 27 people this month alone.

Highly placed sources said today that four battalions of the army have already moved into the disturbed area including, the Jampui hills in North District. They will have full command of the entire 15-km area declared disturbed within a couple of days.

Para-military forces presently posted in those areas, will be withdrawn and deployed in other extremist-prone areas which have not yet been declared disturbed, they said.

The Centre's announcement has been described as a move to prevent the extremists from either slipping in or out of the Indo-Bangladesh border.

The state government in a notification on January 24 last year declared disturbed an area of 133 sq km along the north-west border from Samrurpar to Khowai. Another

100 km stretch from Putacharri in the Amarpur subdivision in the south to the central catchment area on the eastern border was later declared disturbed under the Armed Force Special Powers Act, 1958.

The Centre had also declared the TNV as an unlawful organisation on February 4 last to curb growing insurgency.

A police spokesman said that most of the vulnerable polling booths will now come under the disturbed area. With the army take-over the rebels will find it tough to strike during the election, he added.

He, however, clarified that polling booths will be guarded by para-military forces.

Forty-eight companies of para-military forces have already arrived in the state for poll duty and are being despatched to various areas. The Centre has provided the additional forces to ensure a peaceful and free polling.

The spokesman said that 458 polling booths have been identified as vulnerable, of which 32 are vulnerable to TNV extremists. The rest are vulnerable to intra-party clashes.

He also hoped that with the additional security forces smooth polling could be ensured.

The Union information and broadcasting minister, Mr Ajit Panja, hailed the Centre's decision to extend the disturbed area.

Mr Panja, who visited the Kalacharra village where the guerillas killed a family of five non-tribals yesterday, said the Centre should declare more areas disturbed to save the people from the mindless violence of the rebels.

Mr Panja said the chief minister, Mr Nripen Chakraborty had "no right to continue even for a day" when people were killed by the extremists. "He must go to the spot and face the people there," he demanded.

Describing the killings as "premeditated" the minister said that it was done to terrorise voters on the eve of the election.

Mr Panja also demanded that Central forces should be posted immediately in all polling booths and in vulnerable areas to inspire confidence among the people.

Speaking about his experiences in Kalacherra, Mr Panja said, "I have seen killings earlier also, but never in my life have I seen such a ghastly killing. The entire family barring a girl, was finished. Five funeral pyres were burning side by side just behind their house."

The Union minister of state for telecommunication, Mr Santosh Moham Deb, also welcome the extension of the act and said that "the state and government totally failed to curb the extremists menace despite all assistance by the Centre".

He also announced that the Union home minister, Mr Buta Singh, will arrive here to assess the situation.

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## IRAN

### **Karrubi: We Intend To Perform Hajj Ceremonies Peacefully**

46400074b Tehran KEYHAN in Persian 10 Jan 88 p 18

[Text] Hojjat ol-Eslam Karrubi, imam's representative and supervisor of the Iranian pilgrims in an interview with a French periodical stated: Since Saudi Arabia is extremely submissive to the United States of America, it cannot claim guardianship of the holy shrines.

According to IRNA, imam's representative for Hajj ceremonies in an interview with JEUNE AFRIQUE magazine of Paris while pointing to the crimes of Saudi family during the Hajj ceremonies of last year, also stated: By means of these crimes the Saudis proved to the world of Islam that they do not have the power and the capability to manage the twin holy shrines of Mecca and Medina.

While indicating the fact that the twin shrines of Mecca and Medina are places of rendezvous for the oppressed people, he said: In the occupied lands of Palestine the Israelites prevent any demonstrations by the Palestinians, similarly in the cities of the holy shrines, the Saudis discourage Muslims' demonstrations against Zionism.

Imam's representative at this interview emphasized that the management and guardianship of the holy shrines must be administered by an independent commission composed of members appointed by various Muslim countries.

Hojjat ol-Eslam Karrubi in continuation of this interview with JEUNE AFRIQUE's correspondent in Tehran stated: Last year the Saudis committed a crime which will never be forgotten by the world, and repetition of such like crimes is only possible if the Saudi family are truly out of their minds. Imam's representative further added: We intend to perform all the pertinent Hajj ceremonies which include divulging and revealing the acts of the enemies of Islam, namely the United States and Israel, peacefully.

In answer to the question that whether or not the Saudis intend to limit the number of Iranian pilgrims and impose certain heavy conditions with regard to age,

Hojjat ol-Eslam Karrubi said: Performing of Hajj precepts is necessary and obligatory by each and every Muslim who has the physical and financial ability.

He further added: Neither us nor the Saudis nor anybody else can prevent any Muslim, no matter how old or from whatever country, from performing the holy ceremonies of Hajj. In addition to the marches which we will organize in both Mecca and Medina, it is a religious duty for all Muslims to divulge the acts of the pagans.

12719/6091

### **Heavy Industry Minister on Industrial Cooperation, Other Issues**

46400081 Tehran KEYHAN in Persian  
20 Jan 88 pp 18-19

[Interview with Minister of Heavy Industries Engineer Behzad Nabavi by KEYHAN; date and place not specified]

[Text] Economic Service. In a two-hour interview with KEYHAN, Engineer Behzad Nabavi, the minister of heavy industries, explained the new policy of industrial cooperation with Islamic countries and the Third World, the industrial situation of India, the industrial "buy-back" exchange plan, the use of the capacity of the industrial units, and the results of the industrial structure of the country.

In this meeting, the minister of heavy industries also expressed his views on the anti-inflationary policies, the solution for reducing prices, industrial relations with Japan, and the new policy to purchase industrial machinery to create and complete the vehicle manufacturing units of the country.

Let us look at the first section of this interview.

KEYHAN: What are the characteristics of the agreement recently signed in India, and what are the differences between it and the previous agreements between Iran and India?

Behzad Nabavi: Each minister in the Cabinet is in charge of economic relations with one or more countries. The minister of foreign affairs is in charge of economic relations with India and I am responsible for Turkey, Algeria and recently Libya.

Hence, the visit to India was to pursue cooperation between the two countries in regards to heavy industries.

The recent agreement falls within the framework of industrial, technical and engineering cooperation between the two countries, and was signed by the industrial deputies of Iran and India.

KEYHAN: What agreements have been reached in the area of industrial cooperation with India?



Behzad Nabavi:

The visit of the delegation took place with the intention of setting the grounds for industrial cooperation. This was perhaps the largest Iranian industrial delegation sent to India, or even to other countries.

Before starting our visit, the areas of cooperation with India were identified in the foreign relations headquarters of the Ministry of Heavy Industries, and the delegates were chosen from among the owners of industries in the private sector and the government sector.

About 110-120 industrial units with technological relations with foreign countries expressed interest in being included in the delegation. Finally, a 48-member delegation was sent, and about 60 visits were made to factories in the heavy industries sector of that country.

#### Acquisition of the Latest Information

On the whole, I can say that we acquired rather concentrated and organized data in the form of a data bank from the heavy industries of India, which itself is an important gain stemming from this visit. Since the Islamic revolution, various delegations have been sent to India, but such a data bank was not hitherto prepared. This data bank should be updated in the future.

The major part of our cooperation was industrial and the members of the delegation, which consisted of industrialists and owners of industries, investigated the type of industrial cooperation and exchange desired with India, and negotiations were conducted on manpower, training and research.

As a result, a number of pre-agreement notes or minutes of meetings were signed for engineering, industrial and technical cooperation among Iranian and Indian companies, and our agreement was for no more than the sum of these notes. The main agreement, the minutes of the meeting, and the drafts of the agreements were also signed between Iranian and Indian companies.

KEYHAN: On the whole, what parts of the industries are included in this list?

Behzad Nabavi. Before answering this question, I must address briefly the industrial situation of India.

India tries to act as a one-way road in industrial trade. In other words, they want to send everything and receive nothing.

It has established strict regulations in the country, which are admirable. No foreign goods are allowed to be imported. That is, by imposing trade levies and heavy customs duties, it has seen to it that goods cannot enter the Indian market.

#### India's Consumer Model

On the other hand, the Indians have devised their consumer model such that no demands exist in the market, whereas in our country, by way of contrast, no matter how high we raise trade levies to prevent the import of foreign goods, since there is a great deal of demand and a high circulation of money, still such goods find a market.

Many of these luxury items that you see in the stores of our country are of this kind, for which high trade levies and customs duties are paid. Yet, we see that such items are imported in any manner possible. An example is colas and Pepsi in cans, sold at 600-700 rials in the stores of north Tehran. In other words, some people are able to purchase such goods.

This is not the case in India, because there is no purchasing power, and the people's consumption model is very low. Hence, the imposition of such regulations as trade levies and tariffs is effective. In practice, if a person wants to do so, he will lose the power to compete domestically.

Hence, while supply and demand exist in the market, the difference is that there is low purchasing power and consequently low demand.

In proposing and studying the cooperation between us, we faced the problem that any item to be exported to India from Iran will, for all practical purposes, be prohibited, not, of course, because the government of India is creating an obstacle, but due to the existence of the same regulations that prohibit it, the exception, of course, being oil.

On the other hand, India can send anything it wants to Iran. This is the one-way street that I mentioned in the beginning.

#### We are not merchants

On this street, there is only one special line to Tehran that allows oil to be imported, while all sorts of goods come from the other direction.

In this connection, they take the interests of India into consideration, but they have created and are creating problems for us. We raised this issue with Indian authorities. We said that we do not demand, for instance, that if we buy \$100 worth of goods from them, we should also export \$100 worth of goods to them.

In any case, the producers and owners of Iranian industries are not merchants. They are producers of goods, and our policy is to secure new sources by setting our eyes on the East and the Third World countries instead of buying from the large, industrial, capitalist countries of Europe.

To this end, naturally, there must be factors to create incentive. It is true that we brought the Iranian producers to India, and it is true that we pressure them and our policy is to encourage them to buy from India or create industrial cooperation with India, but this is only possible to some extent.

On the other hand, your (India's) proposals must be sufficiently attractive.

One attractive proposal is that if they sell us \$100 worth of goods, which they were not doing and we would therefore be creating a market for them, in exchange, they should purchase \$20 worth of goods from us.

#### **Industrial Cooperation Agreement**

The Indians suggested that we deliver to them a semi-manufactured product that they can complete and deliver back to us.

We suggested that an agreement be made for them to give us a semi-manufactured product for our factories to complete for them, but the Indians did not agree.

Of course, they are prepared not to charge customs duties on the semi-manufactured goods that come to them, provided the same products are returned, but we want to do the reverse.

These were the problems that we raised with the Indian authorities. We said that if they want to act in this manner, Iranian consumers might accept the one-way street of Japan or Germany, but it would be farfetched to think that they would accept the Indian one-way street. Naturally, they promised to come up with a solution in this area.

KEYHAN: How do you see the place of India as regards the foreign trade policy, and can India be relied upon as a provider of industrial technology?

Behzad Nabavi: We saw large production units in India. But India itself is not an inventor of technology. All of these units have at one time been licensed by a foreign complex, or are still so, or require industrial cooperation with a large, global industrial complex in Europe or Japan.

Even the industrial investments and modern factories in India are in partnership with foreigners. India does not have an independent technology, at least in the area of heavy industries, as far as we could determine.

India is trying to make the technology that it has acquired independent. In other words, if it has produced under the license of a foreign country for many years, now it is not under a license. Of course, such units are not very advanced.

Hence, India is not an issue as a source of technology transfer.

#### **Industrial Trade and Cooperation**

On this trip we concentrated our efforts on two or three issues.

The first issue concerned industrial trade, that is, purchasing some goods such as raw materials and semi-manufactured goods from India.

We have not tried and are not trying to purchase industrial products or semi-manufactured compositions from India.

We believe that in this area, Indian goods are not of high quality. And in the previous sector, they are not at the level of high standards of industrial countries, but at the lower level of global standards.

But considering the foreign currency resources of the country and the necessity for currency savings and at the same time to operate the industries, we thought that by changing the "sources" and moving towards countries such as India, we might be able to save currency and, in the mean time, preserve employment and domestic production as well.

The prices that were obtained because they are preliminary cannot be judged as to whether it is possible to purchase from India at a lower price the semi-manufactured goods or raw materials that we bring from the West or Japan.

A decisive answer cannot be given now. There is no reason for us to move away from Europe and Japan and towards India for the same price and lower quality. At the same time, we believe that if we are to create a new market for India in Iran, India too must create a market for Iran.

We raised this issue with the Indians and said that we cannot buy everything unilaterally, have no market for our goods in India, and only give them oil.

Of course, they are prepared to "barter" for oil, but we do not think bartering for oil is proper, especially under the present economic conditions.

#### **Cooperation with the Third World**

The second issue concerned industrial cooperation. In this area, we had some sort of cooperation in mind and reached certain agreements, including cooperation in building refineries, power plants, and industrial factories in both countries and in third countries.

Such cooperation can be carried out mostly with India, Turkey, and Bulgaria, that is, second-rate industrial countries, but less with first-rate industrial countries.

Of course, we also have some agreements with them and have achieved good results, such as cooperation with Switzerland, Germany and Japan. But the difference is that they agree that they will work on projects in Iran.

However, with the second-rate countries, we can demand that we build one part and they another. For example, we could build a part of a cement factory and India build another part jointly in a third country.

India might not agree to this, because there are parts that they can build but we do not have the capability for. But, in any case, in third countries, this may be accomplishable.

In this manner, the Iranian companies negotiated with Indian companies. They took minutes of the meetings, and drafts of the agreements were prepared.

Of course, the skill of India is such that while it is modernizing and almost automating its factories and developing this plan, at the same time, many of its units produce to supply the needs of the country with very old methods and a minimum of resources, equipment and machinery, offering products that, despite more resources in Iran, we are not able to produce.

#### Use of Limited Resources

These studies and the information gathered will greatly help the owners of our industries to see what great tasks are accomplished in India with limited resources, whereas in our country, due to the abundant oil revenues, we became accustomed to having highly modern equipment for every factory that we built. Now, if there is a shortage of manpower, that does not matter. The good thing about what India does is that it has relatively experienced manpower and a relatively large number of specialists. Due to the economic conditions and shortage of currency and resources, it is forced to provide for its needs with a minimum of machinery.

We saw production lines in India for which we have been looking for special machinery in Iran. They produce with ordinary machinery that we also have in Iran, and theirs is much older.

Of course, this method itself is a kind of technology that I think India has and we do not. The industrial countries of Europe and Japan too lack this technology.

An Indian company with equipment that does not exceed ours produces a variety of products that we do not. Hence, an agreement was signed between that company and the Ministry of Industries for them to come to Iran as consulting engineers to view our resources in the factories, for which we gave a list, and tell us what products off the list of products provided we can produce with these resources. Of course, it is one thing to learn this method and another to implement it.

At the same time, another of our needs is for skilled and specialized manpower, because with old, ordinary machinery instead of automated machinery we need high quality manpower, an issue which will naturally be taken into consideration.

KEYHAN: How do you evaluate the visit and meetings with the political and economic authorities of India?

Behzad Nabavi: Unfortunately, I did not meet with the political authorities of India, except for the speaker of the Parliament of that country. We were supposed to meet with Mr Gandhi on the last day of the visit. However, unfortunately, due to the death of the prime minister of Tamil Nadu, the meeting did not take place.

Our other meetings were mainly with the minister of industries, a 66-year-old minister and leader of the Congress Party, who was a colleague of Jawaharlal Nehru; the minister of economy and commerce; the minister of petroleum; and the deputy minister of industrial affairs of India. Hence, political issues were not raised very much, because we wanted to discuss them with Mr Gandhi. But we raised some issues in the meeting with the speaker of the Indian Parliament.

We are in agreement in most areas. And in regards to the U.S. presence in the region, we pointed out that this presence is not only a threat to the Islamic revolution but is disadvantageous to all the countries of the region and members of the nonaligned movement. They also agreed with us in this regard.

There were many discussions on economic areas. Both sides are interested in expanding industrial relations between us.

#### Pursuing Exchange Not Transactions

The Indians had counted on this visit very much for a long time. They thought that this visit could to some extent eliminate the freeze in economic relations between us which existed after the revolution and open the way to relations. Of course, we explained that if they look at us as a rich, oil-producing country that has come to buy from them, they will not succeed, especially since we had come from an industrial ministry which does not have its pockets full of money, but is rather looking for industrial and technical cooperation and pursues exchange, not transactions. In all the agreements and negotiations, despite the fact that agreements were signed, we did not announce any figures or amounts, because it was not important to us. But the depth and expansion of the agreements signed were much more than those with Turkey.

For instance, we signed agreements with Turkey for \$1.5 billion. The total of industrial and technical cooperation agreements signed with India may exceed those with Turkey.

Of course, the agreements with India cannot be easily enacted. Rather, strong will, resoluteness and perseverance are required to implement all parts of these agreements.

KEYHAN: Will you pursue the same method of industrial and technical cooperation with other countries based on the new experience you talked about that has begun with India?

Behzad Nabavi: We have made much progress in this area with Bulgaria, and our relations in these connections are very good.

With Algeria, despite the fact that our visit was an "official" one, still we worked very much in the area of industrial and engineering cooperation and are awaiting the Algerian economic delegation which, God willing, will soon arrive in Tehran.

#### Multilateral Cooperation

Recently the deputy of the Ministry carried out negotiations in Spain.

These are second-rate industrial countries and it is possible to have joint cooperation with them. We have relatively good relations with Yugoslavia.

Turkey, too, is still acceptable in the area of industrial cooperation. Even though in the past two years we have had some problems with Turkey, we have not given up on that country.

In any case, the line that we are following is based on a particular idea. Essentially, considering the limitations in terms of investment resources in our country, especially as regards foreign currency, we might not be able to make all the needed investments domestically ourselves.

Countries such as Algeria, India and Bulgaria are countries that cannot invest for all of their needs.

This is the idea that we follow in the foreign relations of heavy industries, so that we may have complementary investments.

Something like the Common Market or Comecon, which is now divided, God willing, will be formed in the framework of regional cooperation and the framework of an Islamic common market.

During the negotiations with the Algerians, the proposal was made that we make joint investments, with the cooperation of three or four Islamic countries.

This is a good plan. But we must first form our bilateral relations with each of these countries and then change it to trilateral or quadrilateral relations. Or we may even achieve some success in bilateral relations in this area and then think about a third country.

In this connection, we have had negotiations with Turkey, Algeria, and Bulgaria in order to be able to establish this new form of cooperation. 10000

#### Ali Pahlavi Warns Against Increasing Soviet Influence

46400084 Paris ARA in Persian 5 Jan 88 p 2

[Text] 'Ali Pahlavi, the son of Prince 'Ali Reza, who, like his father, in contrast to most of the members of the Pahlavi family, has not tried to test his luck in trade, or as the Westerners say "business." Rather, with ideas full of love for Iran both before and after the revolution, and inspired by his wakeful conscience and relying on the capital of his intellect, in which here and there signs of the ideas of the founder of modern Iran, Reza Shah the Great, are seen, he has been active in the struggle to establish national rule and the independence of Iran. Recently, by writing articles that once in a while are published in reliable international publications, he has tried to warn the Western world against the communist threat in Iran, which is expanding every day.

Recently, PARIS MATCH published an article by 'Ali Pahlavi entitled "Iran Will Turn Red After Khomeyni," the translation of which follows:

In the Amman conference, composed of the heads of the countries which are members of the Arab League, Iran was criticized and condemned for refusing to accept Security Council Resolution 598, for attacking Kuwait and being disrespectful to the sanctuary of the sacred places in Mecca. Those who accept this Arab League resolution think that this decision will make the Soviet Union stop its support of the Khomeyni regime.

I am skeptical about such a viewpoint, because it will not stand up to reality. The Soviet Union has had an eager eye on Iran, and today, at the end of a calm, expansive and continuous pursuit, the fruit that Nikita Khrushchev spoke of is ripe. Now, with its revolutionary slogans, with all the blood spilled, Iran is hanging by a thread, that is, a red thread. This thread will soon break, and where will the ripe fruit fall? Certainly it will not remain suspended in midair. The agents and supporters of the Soviet Union make up the main core of the Ayatollah's regime.

The Guards Corps, which will soon reach from 300,000 to 500,000, is carefully controlled. This force is trained and equipped under the supervision of the Soviet Union.

Based on available information, in January 1987, more than 3,000 Soviet military advisors served in Iran, and it was decided that this number would be doubled by the end of 1989. In the United Nations, only the Soviet Union defends Iran against others. In the Persian Gulf, the Soviet Union played a skillful game, that is, it began by sending three warships to the Persian Gulf. Fearing the Soviet Union playing the role of supporter of the Persian Gulf and the moderate countries, the United

States suddenly sent 40 warships into this trap. The Ayatollahs immediately cheered: People of Iran, we told you that the United States is the enemy of the Iranian nation! It is precisely in the midst of such a scenario that the communique concerning the condemnation of Iran was issued by the Arab League conference. This communique can be criticized in several respects: first, from a totally Islamic viewpoint, because Arabism, which is based on a racial idea, is a concept opposed to Islam, as Islam condemns any kind of racism; and second, because it causes disunity among Muslims. In this respect, the Koran is clear in its opposition to creating any kind of disunity among Muslims. The operations of the regime in Tehran have found a good excuse to rely on in order to attract other grand ayatollahs who have so far opposed them. Finally, this communique of condemnation throws most of Iran into the lap of its northern neighbor. It should not be forgotten that in accordance with the agreements between Iran and the Soviet Union, any kind of aggression by a third party on Iranian soil threatens the Soviet borders and allows the Russians to bring forces to Iran. It would have been better to issue that condemnation from Muslims rather than the Arab League, if only because Khomeyni resorts to Islam in committing all his actions. This condemnation provokes Arab against non-Arab. Here, I address the West and say that the West must have a long-term policy in regards to Iran. The West must not be satisfied with deposing Khomeyni and then figuring out what should be done. Iran is a very sensitive region geopolitically. The Russians who will come to power in Iran after the Old Man will preserve Khomeynism only to explode and destroy the monarchical governments of the Persian Gulf region. Of course, they will modify some of the extremism. They will end the Iran-Iraq war and will end terrorism in the West. They will assume a relatively acceptable form, which will of course be more dangerous than the present regime, because they will propagate religious prejudice, which will be accompanied by other blood baths. As I said, the responsibility for these events will be on the shoulders of the intellectuals and religious authorities, because the Iranian nation will follow them.

What is in the interest of Iran is to return to true Islam once more, the Islam that propagates peace not war, the Islam that wants love among human beings, among all mankind.

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#### **Non-Oil Exports Increase by 25.18 Percent**

46400074a Tehran KEYHAN in Persian 18 Jan 88 p 18

[Text] Economic Service—During the first 9 months of 1366 [21 March 1987-20 March 1988] an equivalent amount of 896,000 tons of non-oil products with a total value of 59.78 billion rials were exported. This figure, in comparison to that of the same period of last year, shows 81.07 percent increase in tonnage and 25.18 percent growth in value.

The public relations office of the Iranian Customs House in an interview with KEYHAN while announcing the above also disclosed the statistics regarding the first 9 months of 1366. A study of the statistics indicates the sharp increase in the volume of exports of non-oil products during the aforesaid period in comparison to the similar period of 1365 [21 March 1986-20 March 1987] as a result of an increase in the export of some items such as sulphur, vegetables and fruits.

Foremost increase in exports belong to vegetables and fresh fruits with 1528.38 percent growth and a tonnage of 14 and 88,000 increase respectively. Furthermore, three other foremost export items include hand-woven rugs with an equivalent value of 25.9 billion rials and a tonnage of 9,000, pistachios [including shelled pistachios] with an equivalent tonnage of 44,000 and a value of 10.7 billion rials and various kinds of hides with an equivalent tonnage of 10,000 and a value of 4.78 billion rials which respectively comprise 43.32 percent, 17.90 percent and 7.99 percent of the total non-oil exports of the country.

Similarly, the highest growth in the export of the aforementioned products in comparison to the same period of 1365 would belong to rugs and carpets with an equivalent 68.78 percent increase in tonnage and 28.83 percent growth in value, pistachios with an equivalent 238.92 percent increase in tonnage and 143.53 percent rise in value, and various types of hides with an equivalent 25.92 percent increase in tonnage and 45.60 percent growth in value.

According to this investigation and study the tonnage and value of the various export items are as follows:

Green raisins, 26,000 tons with a total value of 1.162 billion rials; apricots, 2,000 tons with an equivalent value of 185 million rials; almonds [including shelled almonds], 615 tons with a total value of 129 million rials; dried apricots, 18,000 tons with an equivalent value of 2.49 million rials; various kinds of fresh fruits, 113,000 tons with a total value of 1.78 billion rials; metal and mineral ores, 203,400 tons with an equivalent value of a half billion rials.

Seafood, including caviar, 126 tons with an equivalent value of 1.47 billion rials; fresh fish, 264 tons with a total value of 539 million rials; shrimp, 11 tons with an equivalent value of 2.22 million rials; various types of intestines, 565 tons with a total value of 836 million rials; tricots and other knitted products, 332 tons with an equivalent value of 557 million rials; cotton fabrics, 422 tons with a total value of 91.53 million rials; woolen fabrics, 76 tons with an equivalent value of 8.44 million rials; various kinds of threads, 147 tons with a total value of 15.79 million rials; pharmaceuticals and other industrial products, 5.4 tons with an equivalent value of 2.3 million rials.

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### Article Details Prison Conditions

46400082 Stockholm NAMEH-YE MARDOM in  
Persian 24 Nov 87 pp 1-2

[Text] The food rations of political prisoners are very low in quality as well as quantity, and a prisoner must compensate for the shortage at his own expense. The lack of many resources and food and the prisoners' having to procure them imposes a severe financial burden on prisoners and thus their families. Prison authorities have frequently been informed of this in writing and orally. Jailers say: "Either write a letter of protest or the situation will remain what it is." The evil-doers want to make the prisoners submit by keeping them hungry. As an example, the prison food is briefly as follows:

1. Breakfast changes from week to week. One week it consists of cheese for three days and jam for four days. The next week it consists of cheese for three days, jam for three days, and halva for one day. The following week it consists of cheese for seven days. The cheese ration is 20 grams per prisoner, which often turns out to be less than that. The jam ration is one spoonful. Six lumps of cube sugar is the daily ration per prisoner.

2. Lunch. "Fava beans and rice with meat" or with yogurt. Five grams of meat, which is ground just large enough for the pieces of meat in the rice to be counted, is mixed with the rice. Most of the time, yogurt is poured on the rice in place of meat. The rice ration is one cup and lentil and rice mixture, one cup, without meat. Split pea stew is a combination of a bit of potatoes and some meat, less than 10 grams. The food is very poorly prepared, and meatless stews are much worse in quality and quantity. In early Khordad [May], red meat and chicken were completely omitted from prison food, and for the first time meatless soup was served to the prisoners.

3. Supper. Beans, lentils, soup, meat soup (20 grams per person), one cup.

No proper food is given to patients with digestive problems. If a prisoner gives back a half-baked piece of bread, his food ration is cut off. Average purchases of a prisoner from the prison store come to 6,000 rials per month, of which 80 percent is non-food items. On the whole, the purchase of a ton of potatoes and 70,000 rials worth of cheese (1,300 rials per kilo) for a period of one month in one hall indicates the painful reality of prison food rations.

In addition to the prisoners being kept hungry, much hardship is imposed on political prisoners, including the following:

1. Blindfolding from the moment of arrest to the end of ruling. In this manner, the prisoner is kept under constant psychological pressure. Blindfolding sometimes continues for two years.

2. Senseless insults and beatings by the guards. Sometimes they beat the prisoner horribly with fists and kicks while he is blindfolded.

3. Fresh air is forbidden to the prisoner from the moment of arrest to the end of interrogation. Later, those in the common rooms are given 40-60 minutes daily, and in the common halls, 4 hours in a small, narrow yard. On holidays, fresh air is often forbidden.

4. Visits take place only once every 15 days for 15-20 minutes. If visiting days coincide with a holiday, visits are cancelled.

5. An ophthalmologist [is not] brought even once a year. The high cost of filling teeth is conferred on the prisoner. As an example, there was a prisoner who had his teeth filled. Since he could not pay for it, the dentist took the filling out.

6. Sending letters of up to five lines to immediate relatives is permitted once every three weeks. The person in charge of letters in prisons crosses out one or two lines for whatever reason or completely confiscates the letter. Sometimes letters are used as evidence.

7. There is not enough space in the cells for prisoners. Persons fill the rooms two or three times over capacity, and cells lack any kind of air filtering, heating or cooling systems.

8. Soap, detergent powder and liquid dishwashing soap have been cut off for some time now. Previously, the monthly ration of every prisoner was one bar of soap and a small box of detergent. In the prison store, clothing detergent is 80 rials, bathing soap 160 rials, and liquid dishwashing soap 260 rials per liter.

9. Since early Khordad [May], the use of even publications which are not banned is prohibited. Even the one network channel is shut down. Only some of the regular television programs are shown through a video system. The use of radios is also forbidden.

These have been some of the severe and harsh conditions of the prisoners of the Islamic Republic regime. 10000

### New Real Estate Taxes Designated

46400083 Tehran KEYHAN in Persian 24 Jan 88 p 2

[Excerpt] **Agenda** After the pre-agenda speeches and the reading of the reminders of the representatives, the Majlis went into session and continued its examination of the bill on direct taxes.

First Hoseyni-Shahrudi suggested that the government proposal in Article 3 replace the proposal of the economic and finance committee.

Seyyed Abu Taleb Mahmudi and Gholam 'Ali Shahraki spoke in opposition and support of this proposal, respectively, and Asadollah Badamchian, the spokesman of the economic and finance committee and representative of the government, gave explanations. This proposal of Article 3 was put to a vote and was not ratified.

Then Nasrollah Salehi proposed the omission of the phrase: banking loan and receivables from interest-free funds.

Movahhedi-Savaji and 'Ezzatollah Dehqan opposed and supported the proposal, respectively, and expressed their views.

The spokesman of the economic and finance committee and the representative of the government provided explanations and opposed the proposal. This proposal was put to a vote and was not ratified.

Then Sadaqiani proposed the omission of Note 3 of this Article. Musavi-Tabrizi and Mohammad 'Ali 'Arabi spoke in opposition and support of the proposal, respectively. The spokesman of the committee and representative of the government provided explanations. The proposal for the omission of Note 3 was put to a vote and was not ratified.

Then, Article 3 was read with the amendments, put to a vote, and ratified as follows:

## **Part Two - Property Tax**

### **Section One - Annual Property Tax**

Article 3. All landowners (whether legal or actual persons) are subject to annual taxes as follows proportionate to the total value of their lands and the land of their dependent children, as the case may be, including residential and other lands located within the city limits and companies (except for one residential unit of an actual person, including a house or an apartment of his choice).

Up to 20 million rials exempted.

For the amount over 20 million rials, up to 40 million rials, at a rate of 2 percent.

For the amount over 40 million rials, up to 60 million rials, at a rate of 3 percent.

For the amount over 60 million rials, up to 80 million rials, at a rate of 4 percent.

For the amount over 80 million rials, up to 100 million rials, at a rate of 6 percent.

For the amount over 100 million rials, at a rate of 8 percent.

The value of property shall be calculated based on the transactional value cited in Article 64 of this law. In determining the value of property in terms of determining the annual taxes, the price of trees shall not be included.

Note 1. Villas and summer and winter resort buildings on the whole and also buildings located on the coasts of the Caspian Sea, with the exception of residential units as mentioned above which are outside city and town limits, are subject to the regulations of this section.

Note 2. Property belonging to companies all or some of whose capital belongs to the government, in proportion to the share of the ownership of the government; and property belonging to housing cooperative companies which is allocated for the housing of their members; as well as property belonging to ministries, provided there is mutual transaction, shall be exempt from the taxes of this section.

Note 3. In cases in which a piece of property is purchased or built through the use of bank loans or loans from interest-free funds, the remaining debt to the bank or the interest-free fund shall be deducted from the value of said property up to a maximum of the transactional value of said property.

Then Article 4 was raised and discussed. Movahhedi-Savaji proposed the omission of the phrase "government or Islamic revolutionary institution" in this article.

Hoseyn'ali Rahmani spoke in opposition and MOVAH-HEDI-SAVOJI withdrew his proposal.

Then Articles 4 and 5 were read, put to a vote and ratified as follows:

Article 4. Property used for industrial or agricultural production or animal husbandry, while in operation; workers' and employees' institutional housing; cold storages; and property the owner of which is prohibited from transactions in accordance with judicial rulings or which, for some reason in accordance with the verification of proper government authorities or Islamic revolution institutions, cannot be used by the owner, or the use of which is put free of charge at the disposal of the persons or establishments cited in Article 2 of this law shall not be subject to the taxes cited in this section while under the above-mentioned conditions.

Article 5. In cases in which the ownership of a particular piece of property has been transferred, the transferred property shall not be subject to the taxes in this law for the year of the transfer.

Then the change in the agenda of the Majlis and the discussion of the bills on increasing the Iranian investment in the World Bank and the membership of the Islamic Republic of Iran in the Islamic Development Bank, which was ratified with priority one urgency,

ensued, and the representative of the Ministry of Finance provided explanations in this regard and pointed out the necessity of ratifying these bills.

Then the change in the agenda was put to a vote and ratified.

The open session of the Majlis recessed at 10:20. 10000

### **Health Centers Warned Against Refusal To Provide Emergency Aid**

46400073a Tehran KEYHAN in Persian 10 Jan 88 p 17

[Text] In an interview with KEYHAN Dr Salaheddin-e Delshad, managing director of the Regional Health Organization of Tehran announced the kind of offenses and the method for dealing with the violators of health care services.

Dr Delshad in this interview while announcing that the execution of government punishment with regard to health services has begun since December and that the supervisors and controllers from the governor general's office have begun their task, he further reiterated the particular cases which are considered as violation of health care services as follows:

1. Deviation from the sanctioned tariffs and receiving of extra charges beyond the prescribed amount.
2. Non-acceptance and refusal to provide treatment and assistance to emergency patients.
3. Refusal for presenting itemized bill covering the total charges paid by the patients.
4. Falsifying and tampering with the bill and including charges for other services beyond those actually provided.
5. Non-posting of required information previously announced by the Ministry of Health Care and Training, for the patients. These include posting of tariffs, kinds of special services, etc.
6. Non-presence of duty physicians at the hospitals or health care centers during prescribed hours.
7. Closing of a doctor's office without proper excuse and without informing the Medical System Organization.
8. Including/prescribing unnecessary treatment services not needed for the patients.

Dr Delshad further described the kinds of punishment awaiting the violators and said:

In the first place [for the first time offender], with regard to treatment tariffs, a fine equal to 20 times over and above the initial over-charge will be imposed on the violator. In case of reoccurrence of the offense, a fine

equal to 60 times the initial over-charge will be levied on the responsible individual/center in charge of the health and treatment institutions. Furthermore, the offending party will be duly introduced to the Medical System Organization and the Regional Health Organization of Tehran Province by the correction committee.

If for a third time a violation is repeated, a fine five times the penalty which was imposed for the first offense will be levied on the violator and the center in charge will be duly closed. Thereafter, the pertinent dossier will be forwarded to the proper authorities. In case a center, which has been closed by authorities, is going to be needed by the people, the governor's office will ask the Regional Health Organization of the province to appoint a government official as manager of the said center. Likewise, other individuals from the governor's office, the offices of the Medical Organization and that of the Health Department will be appointed to run the center in question.

Dr Delshad further announced the prescribed government punishment for violations with regard to medicine as follows: For the first time offenders, proportionate to the total cost of the prescription, a fine between 1,000 to 10,000 tomans will be imposed on the violators. In case of reoccurrence of the violation a fine of 5,000 up to 50,000 tomans will be levied on the violator in addition to discontinuing distribution of medicine quota of the establishment in question for 1 month and referring the pertinent dossier to the lawful commission of pharmacy affairs and that of the Health Department of the province for further action with regard to the responsible individual. In case of repetition of violation for a third time, the pharmacy in question will be closed down and its permit revoked and returned to the pertinent authorities.

Thereafter, Dr Delshad asked the people to inform the responsible officials of any violation by the treatment services establishments by forwarding their complaints to the office of the governor general or to that of deputy director of the Health Department of Tehran Province for further action by the commission in charge of penalty.

In conclusion, Dr Delshad stated: The office of governor is responsible for carrying out government punishment and the Regional Health Department of Tehran Province and the Medical System Organization will continue to act as consultants and supervising advisers. Of course there is little violation from proper medical services by my colleagues and most of the physicians observe the prescribed tariffs, however with the execution of government penalty project we hope to see the private sector also observe the rules as well.

12719/6091



**Date, Place for Dispatch of Eligible Conscripts Announced**

46400073b Tehran KEYHAN in Persian 4 Jan 88 p 1

[Text] Political Service—The date and place for the dispatch of all eligible regular and high school graduate conscripts throughout the country who were born in 1338 to 1347 [21 March 1959-20 March 1960 to 21 March 1968-20 March 1969] and also all the eligible current year high school graduate conscripts born in 1338 to 1347, together with the regular absentee conscripts born in 1347 and the regular eligible conscripts of Tehran's first district together with 28 other cities and townships born in 1347 were announced.

According to a report by the public relations office of the Gendarmerie of the Islamic Republic of Iran, the Conscript Service Department through a public notice announced: All the eligible regular and high school graduate conscripts throughout the country born in 1338 to 1346 [21 March 1959-20 March 1960 to 21 March 1967-20 March 1968] and all the eligible current year high school graduates born in 1338 to 1347 and the eligible regular absentee conscripts born in 1347 and the regular eligible conscripts of the districts of Gorgan, Dash Barun, Qir, Farashband, Khosrowabad, Mahshahr, 'Abbasi, Gonaveh, Deylam, Lengeh, Charak, Marand, Kashmar, Ramhormoz, Jahrom, Sarvan, Jiroft, Tayebad, Omidieh, Anzali, Kish, Kenartakhteh, Gasang, Shahr-e No, Saluk, Kushk, Tashtegan, Moqam, and those from the first district of Tehran must report to the pertinent regiments, companies and other relevant centers. The eligible conscripts from Tehran's various districts must report to the Vali 'Asr Garrison located on Sepah Avenue.

1. All the eligible high school graduate conscripts who have obtained a certificate for military service from districts number one, two and three of Tehran must report to the aforementioned location at 6:00 am on 9 January 1988.

2. All the regular eligible conscripts who have obtained a certificate for military service from Tehran's first district must report to the same address at 6:00 am on 10 January 1988.

3. All the regular eligible conscripts who have obtained a certificate for military service from Tehran's second district must report to the above-stated location at 6:00 am on 11 January 1988.

4. All the regular eligible conscripts who have obtained a certificate for military service from Tehran's third district must report to the aforestated address at 6:00 am on 12 January 1988.

12719/6091

**PAKISTAN**

**Conditions for Rise of MQM's Popularity Analyzed**

46560017a Karachi JASARAT in Urdu 5 Jan 88 p 3

[Article by Abdul Karim Abid: "MQM - What Is It? Why Is It?"]

[Text] The MQM is not the product of one day or one incident. There is a long chain of factors, action, and incidents behind its formation, structure, organization, and recent extraordinary success. The new wave of thinking in inner Sind; the conspiracies of the chiefs and saints of Sind; the disruptionist policies of the bureaucracy; the new intellectual storms arising from the sea of humanity in Karachi and Hyderabad; the failure of the national political parties to comprehend this internal change and revolution in Karachi the ideological somersaults of the irresponsible intellectuals of Punjab who sometimes wished to establish relations with Ranjit Singh and sometimes encourage breaking ties with Urdu; and above all, the 10-year martial law and a false facade of a democracy that could neither perceive problems nor resolve them, [all are links in that chain].

This is the environment in which the MQM came into existence. What is behind this rise? What would be its demands and implications? How is its nullification possible? To acquaint myself with these issues, last month I spent eight days in Karachi. I talked candidly with both minor and major leaders of the MQM and their opponents. However, before I narrate the new story, it is essential to recall the old tale which could be termed as the starting point of the MQM. It should also be kept in mind that when something begins, with the availability of opportunity, numerous other factors also enter into it. It is not necessary that something continue to operate in accordance with the wishes of the person who started it, or that it does not acquire a new form. In my opinion, this is what happened with the MQM. Its current outlook is different from its origin. There are new changes and forms waiting to be revealed in the future.

The Muhajir, i.e., immigrant population was satisfied as long as the National Awami party's four-nationality philosophy and ideology was rejected. When, in the name of nationality, regionalism and language, new philosophies gained force, they penetrated the Punjab. The national political parties also adopted a policy of complaisance toward these philosophies or persons who believe these philosophies. Thus, the process of fear and restlessness arose among the immigrants. The most painful thing for them was that they were being disgraced from all sides. They were being advised to act sensibly, otherwise they would prove to be future enemies.

The anti-Pakistan elements of the National Awami Party raised a new slogan, "Long live Sind and Baluchistan; let Pakistan go to hell." The ideology presented through this

slogan was that in order to gain freedom from the dominance of the immigrants, the Punjabis and the Pathans; Sind and Baluchistan should unite.

Akbar Bugti in an interview with AKHBAR-E-JAHAN presented the notion of a Sing-Baluchistan confederation. When some Sindi and Baluchi nationalists were busy indulging in these sorts of vain speculations, the Punjab nationalists, who were advocating the case of the Punjab, made a charge against the immigrants and reproached them because they had become a political faction. At that time, G.M. Sayed adopted a new strategy and, in order to achieve his particular goals, extended his hand of friendship towards the immigrants.

On 31 May 1979, G.M. Sayed spoke to a gathering in Sindhi. This was reported in detail in the daily MEHRAN and other Sindhi newspapers. The speech was also mentioned in the political column "Larkana-A Political Diary" of the daily paper JANG of 3 June, 1979. The following is the summary of Sayed Sahib's speech.

"The Sindhis should accept the fact that the Urdu speaking people in Sind are a force. This force cannot be negated. Now we have to move forward with the idea that the Sindhis and Muhajirs should struggle jointly for the rights of Sind, because now the Muhajirs cannot return to India. They are a part of this land, and we will have to make them our allies. Any struggle for Sind by the original Sindhis alone cannot be successful. The immigrants alone can be the vanguard detachment for the struggle for Sind. We need to win them over instead of driving them out. We should make every possible effort to make them our fellow thinkers, fellow sympathizers, and fellow travellers."

My first article on this new wave of thinking was an analysis of G.M. Sayed's views published in the weekly BADBAN of 21 June 1979. In analyzing Mr Sayed's new ideology, I wrote, "The modern type of war of nationalism is fought in cities and not in villages. It arises from crowded populations rather than in desolate areas. Neither the tribes, the Haris [i.e. Peajants] nor the big landlords are in vanguard detachments; instead it is the army of teachers, students, lawyers, laborers, and the ordinary citizens that marches forward waving the flag of nationalism. Its leadership is in the hands of the urban sector. However, the problem of the heroes of Sindhi nationalism is that the majority of the urban sector is not Sindhi. Under no circumstances can it accept Sindhi nationalism. Rather, the urban sector regards Sindhi nationalism as a challenge against it. To eradicate this conflict, G.M. Sayed has adopted a new viewpoint with regard to the immigrants. He has therefore proposed an alliance with a special and separate status for the immigrants. He wishes to explain to the Sindhi nationalists that only by taking along the immigrants they can secure a vanguard detachment for the struggle of Sind."

[Mr Rasool Bahash] Palejo, G.M. Sayed's disciple, disagreed with this new theory concerning the Sindhi-immigrant alliance. His philosophy was that for a revolution, it was essential for the rural people to organize, unite, and throw a blockade around the cities. As soon as the opportunity arises, these rural guerrillas should attack the city inhabitants and overpower them. Mr Palejo claims that he has deduced this philosophy of revolution from the doctrines of Mao Zedong. He is also preparing for the lucky day of the long march by the rural population towards the cities of Sind. His Hari movement or Awami Tehrik was initiated with the siege of the Punjabi-populated regions [of Sind]. The Sindhi landlords went on providing financial support for this Hari movement, because its target was the Punjabi inhabitants only.

In a conference on the unity of Sind that was held two months ago, Mr Palejo declared the Sindhi-Muhajir unity as something artificial and said that their real conflict was in fact with the Muhajirs immigrants alone. However, Mr Sayed, by extending his hand toward the "immigrant nationality," has made the matter complicated. This would be ultimately damaging for the Sindhis. Mr Palejo believes that if there were to be a reconciliation, it would be with the Punjab and not the immigrants. He has been touring Punjab for this purpose. He feels that they could gain something by reconciling with the secular sector of the Punjab only. Otherwise, the only consequence would be that either the immigrants would drown the Sindhis, or else the Sindhis would destroy the immigrants. Dr Hamida Khuhro and Mr Ghulam Mustafa's Shah also have the same thinking.

Jam Saqi also maintains a viewpoint with regard to G.M. Sayed's manner of thinking. He claims that Palejo is an agent of the Punjab's large land owners and bureaucracy, and that by expressing enmity towards the immigrants, he wishes to gain the ruling sector's support and protection. As far as G.M. Sayed is concerned, [Mr. Saqi thinks] he is really both a conspirator and a villain. He acquired freedom during President Ziaul al Haq's era. Pir Pagara's friendship provided influence for him. Under the new circumstances, he gained an opportunity to set a trap for a new conspiracy or more disruption; the MQM is a product of this. However, as far as the communist doctrine is concerned, Mr Saqi maintains that there is no justification for a [separate Muhajir's] nationality; Muhajirs could be declared a cultural minority among other minorities of Sind, and nothing more than that. Mr Saqi says the fraud perpetrated by Mr Sayed and the ruling party for the sake of their respective objectives has elevated the MQM to a force. The consequence of this would be that the small tendency the immigrants possess for being absorbed into the Sindhi nationality or their inclination for it will come to an end. The conflict and clash of linguistic prejudices will continue to be fanned. Jam Saqi also believes that all this is the mischief of the imperialists. They intend to separate southern Sind and make it a new Hong Kong. Mr Sayed, in his eagerness to incite riots, disruption, and disorder, is calling for a fifth nationality.

With regard to MQM and the situation in inner Sind, we should also have a look at the situation of Karachi. The slogan of the immigrant or fifth nationality came into the limelight at the time when Mahmudul Haq Usmani was separated from the NAP. The purpose of forming the NAP was to unite various regional and linguistic sectors in one organization and to establish a new and progress loving Pakistan. It was however impossible to overcome prejudice and move forward. To destroy the poison of bigotry, the international ideology of socialism was propounded. Nevertheless, this antidote proved ineffective, and during the political journey, one by one, every prejudice got to the fore and people went on to form small parties of their own. At first, Abdul Majeed Sindhi and G.M. Sayed were separated. Then Bhashani and Bangla nationalism bid farewell. In Baluchistan, Abdus Samud Achakzai Uchukzai separated from the pro-Pakhtun NAP. C.R. Imam [?, as printed] and Maj Ishaq turned themselves away from Wali Khan. Bizenjo, Mengal, and Marri, after they had moved away from Achakzai, also cut off relations with Wali Khan. The only person left was Mazari. He too declared that it was impossible for him to get along with Wali Khan's bigotry and, therefore, they separated from each other. Being dismayed, Mahmudul al Haq Usmani also raised the banner of Muhajir nationality. At this point, with the exception of a few intellectuals, no one was ecstatic and no one danced for it. The matter concluded with the establishment of a Sind unity board. Noorani Mian was also placed on this board. He stayed in it for a few months, but he did not like this business. Mr Usmani also gave up after being dismayed and disgusted. He also was severely ill and unable to do anything. On the other hand, the displeased leftist youths and workers of the NAP and the People's Party were moving from door to door in Karachi. They were in search of a new platform. When, due to alleged [Palthan organization] Swad-e-Azam involvement, riots erupted, the Shiites got worried about their security. With this worry, the slogans and notions of Muhajir unity received further encouragement. The ordinary urban population was in the whirlpool of problems. This restlessness could not get hold of any outlet for its expression. All these factors joined together to prepare an environment in Karachi from which MQM took advantage. It took advantage of both friends and foes and sought assistance from all.

9779/12913

**Pakistan: Unity Urged To Counter Indian 'Designs'**

BK271510 Lahore JANG in Urdu 13 Feb 88 p 10

[Editorial: "Indian Designs and Our Responsibilities"]

[Text] Addressing a public meeting at Baramula, Indian Prime Minister Rajiv Gandhi announced the cancellation of leave for Indian Armed Forces personnel. The troops have also been put on alert. He announced that he would like to make India the foremost power in the Third World. Rajiv Gandhi added that India can send its

forces to any country at the latter's request. He cautioned the United States and China to refrain from supplying arms to Pakistan, but thanked the Soviet Union for the Russian supply of MIG-29's to India. It has also been learned that civilians are being evacuated from the areas adjoining Pakistan under the cover of a curfew.

During his visit to Siachen, the Indian prime minister described the area as an Indian territory and told the Indian forces to teach Pakistan a lesson. The arrogance and pride in Rajiv Gandhi's tone reflect his reprehensible and aggressive designs against Pakistan. The Indian rulers, from the outset, have been overwhelmed by the hysteria of making India a mini-superpower, and they have also displayed their intentions in dealing with Bangladesh, Sikkim, Bhutan, Nepal, and Sri Lanka. They consider Pakistan as the biggest hurdle in the fulfillment of these designs.

India has received massive arms supplies and technology from both the Soviet Union and the United States. Recently, India added a nuclear submarine from the USSR to its Navy, which, according to some military observers, has given it the capability of blockading Pakistan. The submarine is fitted with missiles capable of hitting a target 42 miles away.

At first, India fanned the civil war through the Sri Lankan Tamil separatists and then sent its troops there under the pretext of an accord. Sri Lanka is demanding withdrawal of Indian forces, but India is sending more reinforcements to the island. The Indian prime minister's remarks that his country can send its troops to any country if that country requests it so clearly pinpoints the fact that none of its neighbors is safe from India's aggressive designs. India is engaged in the conspiracies of disturbing the situations in neighboring countries through its agents. India has been accused by Bangladesh of being involved in making the situation worse in that country. Involvement of Indian agents in last year's disturbances in Sind has also been proved.

Pakistan is currently striving for a settlement on Afghanistan. Although the Russians are apparently ready for the withdrawal, the prospects of a settlement at the same time seem to be shattering. The Soviet deputy foreign minister after his visit to Pakistan alleged that Pakistan does not want an immediate settlement of the issue. It is quite possible that the Soviet Union has urged India to open a new front against Pakistan in a bid to secure a settlement according to her own terms. The remarks by some Pakistani elements, especially certain political leaders of Sind and the frontier province including G.M. Syed and the remnants of Abdul Ghaffar Khan, are enough to incite India to take any aggressive step against Pakistan.

As far as its independence, security, and existence are concerned, the Pakistani people have never spared any sacrifice for nor will they allow anyone to harm its independence. Pakistan's Armed Forces, by the grace of

God, are fully prepared to defend the country's independence. India has imposed war on Pakistan three times in the past. Had it the desire to live with Pakistan in peace and friendship, it would have accepted the offer of a no-war pact from Pakistan. On the contrary, it attempted to impose its own conditions and will on Pakistan and to make this country a subservient regime by presenting its treaty of nonaggression which was foiled by Pakistan. In fact, the Indian rulers have not accepted Pakistan's existence even today, which is why, Indira Gandhi, after dismembering East Pakistan, which was the result of an international conspiracy and the political murder of our rulers then, said that the theory of two nations had been proved incorrect. Today, when on the one hand we need

a strong and impregnable military force to foil the aggressive designs of the Indian rulers against Pakistan, on the other, we will also have to pay our fullest attention to the stability of our internal front. The linguistic, regional, and sectarian affiliations may lead to defeat and weakness in our internal front and contribute to the success of an external aggression. The external front can remain strong only on the foundation of a strong internal front, that is, national integration and unity. Therefore, it is the duty of the government to take the people into confidence in view of brazen aggressive designs of the Indian rulers so as to make the nation capable of giving a befitting reply to any aggression.